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WESTERN MARYLAND RAIL ROAD COMPANY

TO

THE MERCANTILE TRUST COMPANY.

First Mortgage,

Dated October 1, 1902,

Securing

First Mortgage Four Per Cent. Fifty-Year Gold Bonds
Interest Payable April 1st and October 1st.
Principal due October 1, 1952.

C. G. BURGOYNE, Walker and Centre Streets, N. Y.

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WESTERN MARYLAND RAIL ROAD COMPANY

TO

THE MERCANTILE TRUST COMPANY.

FIRST MORTGAGE.

DATED OCTOBER 1ST, 1902.

This Indenture, dated the first day of October, in the year one thousand, nine hundred and two, by and between the WESTERN MARYLAND RAIL ROAD COMPANY, a corporation created by, and existing under, the laws of the State of Maryland (hereinafter called the RAILROAD COMPANY), party of the first part, and THE MERCANTILE TRUST COMPANY, a corporation created by and existing under the laws of the State of New York (hereinafter called the TRUSTEE), party of the second part.

WHEREAS, The RAILROAD COMPANY owns and operates a main line of railroad extending from Hillen Station to Madison Street in Baltimore City, a distance of .40 miles; and from Fulton Junction in said Baltimore City to Williamsport, a distance of 90.29 miles, and a line connecting the Baltimore & Ohio and the Norfolk and Western Railroads in the City of Hagerstown, a distance of 1.79 miles; in all 92.48 miles of railroad; all in the State of Maryland, except about three-fourths of a mile in the State of Pennsylvania at Blue Ridge Summit and at Pen-Mar; and Railroad owned.

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Railroad leased and operated.

WHEREAS, the RAILROAD COMPANY leases and operates the following lines of railroad, namely:

(1) The Potomac Valley Railroad extending from Potomac Valley Junction in the State of Maryland, to Cherry Run, in the State of West Virginia, a distance of 14.30 miles; and

(2) The Baltimore & Cumberland Valley Railway, extending from Edgemont, in the State of Maryland, to the State line between the states of Maryland and Pennsylvania, a distance of 8.03 miles and at said State line connecting with

(3) The Baltimore & Cumberland Valley Railroad extending from the terminus of the Baltimore & Cumberland Valley Railway at the State line between the States of Maryland and Pennsylvania, to Waynesboro, in the State of Pennsylvania, a distance of 4.55 miles; and

(4) The Baltimore & Cumberland Valley Railroad Extension extending from said Waynesboro to Shippensburg, a distance of 26.52 miles, all in the state of Pennsylvania; and

(5) The Washington & Franklin Railroad extending from Hagerstown in the State of Maryland, to Zumbro, in the State of Pennsylvania, a distance of 19.11 miles (but no part of which said Washington & Franklin Railroad, nor any leasehold or other interest therein is embraced in or covered by this Indenture); and

(6) The Baltimore & Harrisburg Railway extending from Emory Grove in the State of Maryland to Orrtanna, in the State of Pennsylvania, a distance of 58.7 miles; and from

(7) Valley Junction to Hanover Junction in the State of Pennsylvania, a distance of 6 miles; and

(8) The Bachman Valley Railroad, extending from a connection with said last mentioned railroad at a point called " Intersection " to the State line between the states of Maryland and Pennsylvania, a distance of 1.3 miles; and

(9) The Baltimore & Harrisburg Railway Western Extension extending from Orrtanna to Highfield, in the State of Pennsylvania, a distance of 15 miles ; and the

(10) Baltimore & Harrisburg Railway, Eastern Extension, extending from Porters Junction to York, all in the State of Pennsylvania, a distance of 16.6 miles ; a distance in all of 165.11 miles of leased lines of railroad ; and

Securities owned.

WHEREAS, the RAILROAD COMPANY is the owner of the capital stock of leased line companies in the following amounts respectively :

13,169 shares of the common capital stock of the Baltimore and Harrisburg Railway Company, of the par value of $658,450, being a majority of the outstanding capital stock of said company.

843 shares of the common capital stock of the Baltimore & Cumberland Valley Railway Company, of the par value of $42,150, being all of the outstanding capital stock of said company, except shares for the qualification of directors.

1,509 shares of the common capital stock of the Baltimore & Cumberland Valley Railroad Company, of the par value of $75,450, being all of the outstanding capital stock of said company, except shares for the qualification of directors.

9,993 shares of the common capital stock of the Potomac Valley Railroad Company, of the par value of $499,650, being all of the outstanding capital stock of said company, except shares for the qualification of directors.

4,779 shares of the common capital stock of the Baltimore & Harrisburg Railway, Western Extension, of the par value of $238,950, being all of the outstanding capital stock of said company, except shares for the qualification of directors.

And the RAILROAD COMPANY is also the owner of 93 shares of the common capital stock of the Western Maryland Tidewater Railroad Company, of the par value of $4,650, being all of the outstanding capital stock of said company, except shares for the qualification of directors ; and

Provision for present indebtedness.

WHEREAS, the RAILROAD COMPANY has provided for the retirement and extinguishment of all of its bonds and indebtedness secured by mortgages or liens upon any part of its hereinbefore described railroad and property, which said bonds and indebtedness aggregate at the date of these presents the sum of twelve million, six hundred and thirty-one thousand, five hundred and eighty dollars and fifty cents ($12,631,580.50) and all of said bonds and indebtedness have been delivered to the TRUSTEE hereof for cancellation and extinguishment and surrender to the RAILROAD COMPANY simultaneously with the execution and delivery of these presents so that this indenture shall, upon the execution and delivery thereof, become and be a first lien upon all of the hereinbefore described premises and property of the RAILROAD COMPANY ; and

Purposes of Railroad Company.

WHEREAS, the RAILROAD COMPANY, being thereto duly authorized by law, desires and proposes : (*a*) to develop, construct and extend its railroad to tide-water in Baltimore City, or territory adjacent thereto, and to provide proper and sufficient tide-water terminals and terminal facilities for said railroad and for the utilization of the tide-water franchises thereof and which are or may be owned or controlled by the RAILROAD COMPANY ; (*b*) to extend its railroad facilities or supply and furnish railroad connection and facilities in conjunction with its railroad to the coal regions of Western Maryland and West Virginia ; (*c*) to provide by construction, or aiding construction, or by lease or by trackage or operating agreement, or otherwise, a connection between its railroad and that of the West Virginia Central and Pittsburg Railway Company ; (*d*) to acquire all or

substantially all of the outstanding shares of the capital stock of the West Virginia Central and Pittsburg Railway Company ; *(e)* to provide for the construction or acquisition of such extensions and branches of its railroad, and of the railroad of any other Company a majority of whose outstanding capital stock is owned by the RAILROAD COMPANY and pledged hereunder, and of the railroad of any other Company all of whose bonds, indebtedness and outstanding capital stock shall be owned by the RAILROAD COMPANY, as in the judgment of the Board of Directors should be so constructed or acquired, and *(f)* to provide for the permanent betterment, improvement, equipment and development of its lines of railroad and property and the lines of railroad, mines, mining operations and other property of any other company all or a majority of whose outstanding capital stock is owned by the RAILROAD COMPANY, and for suitable and adequate facilities and terminals in connection with such railroads and properties ; and

Acquisition of additional securities.

WHEREAS, the RAILROAD COMPANY is authorized by law to acquire and may desire to acquire, in the manner hereinafter provided, all or a part of the outstanding bonds secured upon all or any of its leased lines of railroad, as well as bonds which are or may be secured upon the West Virginia Central and Pittsburg System or parts thereof, and upon lines of railroad, branches, extensions and property, the construction or acquisition of which is herein contemplated ; and

Securities to be pledged.

WHEREAS, it is intended that the securities hereinafter described and specifically pledged, and also all of the securities which hereafter shall be acquired by the RAILROAD COMPANY through the operation of the provisions of this Indenture, or by the use of the bonds, or of the proceeds of bonds, secured hereby, shall be deposited, under and subject to the provisions hereof, with the TRUSTEE of this Indenture as part of the security for the bonds issued hereunder ; and

Resolution authorizing mortgage and issue of bonds.

WHEREAS, at a meeting of the President and Board of Directors of the RAILROAD COMPANY, party hereto of the first part, duly held on the sixth day of August, in the year nineteen hundred and two, a draft of a mortgage or deed of trust substantially in the form of this Indenture was submitted, and a resolution in the following words and figures was duly and unanimously adopted, viz.:

Resolved, for the purpose of making provision to refund and retire all of its outstanding indebtedness and obligations secured by liens upon any part of its property, to develop, construct and extend its railroad to tidewater in Baltimore City or territory adjacent thereto and to provide proper and sufficient tidewater terminals and terminal facilities for said railroad and for the utilization of the tidewater franchises thereof and which are or may be controlled by the RAILROAD COMPANY; to extend its railroad facilities or supply and furnish railroad connections and facilities in conjunction with its railroad to the coal regions of Western Maryland and West Virginia; to provide by construction or through aid of construction or by lease or trackage or operating agreement or otherwise a connection between its railroad and that of the West Virginia Central and Pittsburgh Railway Company; to acquire all or substantially all of the outstanding capital stock of the West Virginia Central and Pittsburgh Railway Company; to provide for the construction or acquisition of such extensions and branches of its railroad or its leased lines or the railroad of any other company a majority of whose capital stock shall be owned by the RAILROAD COMPANY as in the judgment of the Board of Directors should be so constructed or acquired, and to provide for the permanent betterment, improvement equipment and development of its lines of railroad and property and of the lines of railroad, mines, mining operations and other property of any other company all or a majority of whose capital stock shall be owned by the RAILROAD COMPANY and for suitable and adequate terminal facilities and terminals in connection with such railroads and properties and for other lawful corporate purposes, that this Company do create an issue of fifty year four per cent. gold bonds, to be known as First Mortgage Four per cent. Fifty year Gold Bonds; such bonds to be coupon bonds with provision for registration as to principal and convertible into registered bonds without coupons, or both coupon bonds and registered bonds without coupons, the coupon bonds all to be dated the first day of October, 1902, and all such coupon bonds and registered bonds to be payable on the first day of October, 1952, and to bear interest at the rate of four per cent. per annum, pay-

able semi-annually on the first days of April and October in each year (interest on the coupon bonds to date from October 1st, 1902), and both principal and interest being payable in the City of New York in gold coin of the United States of the present standard of weight and fineness and without deduction for United States, State, County or Municipal taxes which the Company may be required to pay or to retain therefrom under any present or future law. The total issue of said bonds for all purposes to be limited to the aggregate principal sum of $50,000,000 and all of said bonds to be equally secured by and to be issued and disposed of on the terms and conditions and for the purposes and in the manner set forth in a mortgage or deed of trust to THE MERCANTILE TRUST COMPANY, a corporation of the State of New York, as TRUSTEE, substantially in the form thereof submitted to this board, the execution, acknowledgment and delivery whereof by the proper officers of this company is hereby authorized and directed, to be known as the FIRST MORTGAGE of this Company, and to cover as a first and paramount lien all the railroads, terminals, equipment and lands owned by the Company as provided in said mortgage or deed of trust, and all stocks of leased line Companies owned by the Company, and all stocks and bonds of other Companies which shall be received in exchange for the bonds hereby authorized or which shall be acquired by this COMPANY through the use of said bonds or their proceeds, and also such further stocks, bonds, securities and other property as the COMPANY may hereafter acquire by the use of said bonds, hereby authorized, or the proceeds of said bonds, as provided in said mortgage, or which may from time to time be expressly conveyed, assigned or mortgaged or pledged and delivered, or by writing of any kind assigned or transferred by the COMPANY or by any one in its behalf, to the TRUSTEE under said mortgage";

AND, WHEREAS, the bonds to be secured by this indenture shall be coupon bonds of the denomination of $1,000, numbered consecutively from one upwards, and registered bonds (to be designated as such on their face) of the denomination of $1,000, and such multiples thereof as the RAILROAD COMPANY from time to time, by resolution of its Board of Directors or Executive Committee, may authorize; every such registered bond bearing some distinctive number or designation, and all coupon bonds and registered bonds respectively to be substantially of the following tenor:

Denominations and character of bonds.

[FORM OF COUPON BOND.]

Form of coupon bond. No. $1,000

UNITED STATES OF AMERICA.

Western Maryland Rail Road Company.

First Mortgage Four Per Cent. Fifty Year Gold Bond.

THE WESTERN MARYLAND RAIL ROAD COMPANY (hereinafter termed the RAILROAD COMPANY) for value received promises to pay on the first day of October, one thousand nine hundred and fifty-two, at its office or agency in the City of New York, to the bearer, or, if this bond be registered, then to the registered holder hereof, ONE THOUSAND DOLLARS, gold coin of the United States of the present standard of weight and fineness, and to pay interest thereon from October 1st, 1902, until the payment of this bond, at the rate of four per cent. per annum, such interest being payable at said office or agency in like gold coin semi-annually on the first days of April and October in each year, but only upon surrender for cancellation of the respective coupons for such interest hereto annexed. Both the principal and interest of this bond are payable without deduction for any tax or taxes which the RAILROAD COMPANY may be required to pay or to retain therefrom under or by reason of any present or future law of the United States or of any State, County or Municipality therein.

This bond is one of a series of coupon and registered bonds of the RAILROAD COMPANY known as First Mortgage Four per cent. Fifty-Year Gold Bonds, duly authorized and approved by the President and Board of Directors and by the Stockholders of the RAILROAD COMPANY, to an amount not exceeding in the aggregate the principal sum of Fifty million dollars

at any one time outstanding, all of which bonds are issued and to be issued under and in pursuance of and are equally secured by a first mortgage or deed of trust dated October 1st, 1902, executed by the Railroad Company to The Mercantile Trust Company, a corporation of the State of New York, as trustee, of all the property and franchises of the Railroad Company now owned or hereafter constructed or acquired by it through the use of said bonds or their proceeds, as described in said mortgage or deed of trust, to which reference is hereby made for a description of the property and franchises mortgaged or pledged, the nature and extent of the security, the rights of the holders of said bonds under the same and the terms and conditions upon which said bonds are issued and secured and are to be used.

If default shall be made in the payment of any semi-annual installment of interest on this bond when the same shall become due and be demanded, and such installment shall remain unpaid for six months after such demand, the principal of this bond may become due and payable in the manner provided in said Mortgage or Deed of Trust. This bond shall pass by delivery unless registered in the name of the owner on the books of the Railroad Company in the City of New York; after registration of ownership certified hereon by the transfer agent of the Railroad Company no further transfer except upon the books of the said Company shall be valid, unless transferred to bearer on said books, after which this bond shall pass by delivery as at first, but shall continue subject to registration and transfer to bearer successively at the option of each holder; such registration, however, shall not affect the negotiability of the coupons, but the same shall continue to be transferable by delivery, notwithstanding registration of the bond. This bond with all unmatured coupons is also exchangeable at any time for a registered bond without coupons as provided in said Mortgage or Deed of Trust. No recourse in any event shall be made for the payment of the principal or interest of this bond against any stockholder,

director or officer of the RAILROAD COMPANY. This bond shall not be valid unless authenticated by the certificate endorsed hereon executed by the The Mercantile Trust Company, or its successor, as TRUSTEE under said Mortgage or Deed of Trust.

In witness whereof, the WESTERN MARYLAND RAIL ROAD COMPANY has caused these presents to be signed by its President, or one of its Vice-Presidents, and its corporate seal, attested by its Secretary or one of its Assistant Secretaries, to be hereto affixed as of the first day of October, A. D. 1902, and the annexed interest coupons to be executed with the engraved signature of its Treasurer.

WESTERN MARYLAND RAIL ROAD COMPANY,

By

President.

Attest:

Secretary.

[FORM OF REGISTERED BOND.]

No.

Form of registered bond.

UNITED STATES OF AMERICA.

Western Maryland Rail Road Company.

First Mortgage Four Per Cent. Fifty Year Registered Gold Bond.

THE WESTERN MARYLAND RAIL ROAD COMPANY (hereinafter termed the RAILROAD COMPANY), for value received, promises to pay on the first day of October, one thousand nine hundred and fifty-two, at its office or agency in the City of New York, to

the sum of

Dollars gold coin of the United States, of the present standard of weight and fineness, and to pay interest thereon from the first day of April or October, as the case may be, next preceding the date of this bond until the payment of this bond, at the rate of four per cent. per annum, such interest being payable at said office or agency in like gold coin, semi-annually, on the first days of April and October in each year. Both the principal and interest of this bond are payable without deduction for any tax or taxes which the RAILROAD COMPANY may be required to pay or retain therefrom under or by reason of any present or future law of the United States, or of any State, County or Municipality therein. This bond is one of a series of coupon and registered bonds of the RAILROAD COMPANY known as First Mortgage Four per cent. Fifty Year Gold Bonds, duly authorized and approved by the President and Board of Directors and by the Stockholders of the RAILROAD COMPANY, to an amount not exceeding in the aggregate the principal sum of Fifty million dollars at any one time outstanding all of which bonds are issued and to be issued under and in pursuance of, and are equally secured, by a first mortgage or deed of trust dated October 1st, 1902, executed by the RAILROAD COMPANY to THE MERCANTILE TRUST COMPANY, a corporation of the State of New York, as TRUSTEE, of all the property and franchises of the RAILROAD COMPANY now owned or hereafter constructed or acquired by it through the use of said bonds or their proceeds, as described in said mortgage or deed of trust, to which reference is hereby made for a description of the property and franchises mortgaged or pledged, the nature and extent of the security, the rights of the holders of said bonds under the same and the terms and conditions upon which said bonds are issued and secured and are to be used.

If default shall be made in the payment of any semi-annual installment of interest on this bond when the same shall become due, and be demanded, and such installment shall remain

unpaid for six months after such demand, the principal of this bond may become due and payable in the manner provided in said mortgage or deed of trust. This bond is transferable by the registered holder thereof in person, or by attorney duly authorized, on the RAILROAD COMPANY'S books at its office or agency in the City of New York, upon surrender and cancellation of this bond, and a new registered bond or bonds will be issued to the transferee in exchange therefor, as provided in said mortgage or deed of trust, and on payment, if the RAILROAD COMPANY shall so require, of the charge therein provided for. No recourse in any event shall be made for the payment of the principal or interest of this bond against any stockholder, director or officer of the RAILROAD COMPANY. This bond shall not be valid unless authenticated by the certificate endorsed hereon, executed by THE MERCANTILE TRUST COMPANY, or its successor, as TRUSTEE under said mortgage or deed of trust.

In witness whereof, the WESTERN MARYLAND RAIL ROAD COMPANY has caused these presents to be signed by its President, or one of its Vice-Presidents, and its corporate seal, attested by its Secretary, or one of its Assistant Secretaries, to be hereto affixed this day of , A. D. .

WESTERN MARYLAND RAIL ROAD COMPANY
By

President.

Attest :

Secretary.

and

WHEREAS, there shall be annexed to said coupon bonds at the time of the issue thereof the coupons representing the semi-annual interest installments which may become due thereon, each of which coupons shall be substantially of the following form :

[FORM OF INTEREST COUPONS.]

No. $20. Form of Interest Coupon.

On the first day of the Western Maryland Rail Road Company will pay to the bearer at its office or financial agency in the City of New York Twenty Dollars in United States gold coin, without deduction for taxes, being the semi-annual interest then due on its First Mortgage Four per cent. Fifty Year Gold Bond No.

Treasurer.

and

WHEREAS, each of the coupons to be attached to said coupon bonds is to be authenticated by the engraved fac-simile of the signature of the present Treasurer or of any future Treasurer of the RAILROAD COMPANY, it being intended that the RAILROAD COMPANY may adopt and use for that purpose the engraved fac-simile of the signature of any person who shall have been such Treasurer, notwithstanding the fact that he may have ceased to be such Treasurer at the time when such bonds shall be actually certified and delivered or when such coupons shall be attached to the bonds; and Form of Treasurer's signature.

WHEREAS, there shall be endorsed upon each of the coupon bonds and registered bonds secured hereby a certificate of said THE MERCANTILE TRUST COMPANY the TRUSTEE hereunder (or its successor appointed hereunder), that such bond is one of the Bonds therein described, and no bond shall be valid or obligatory for any purpose until such certificate shall have been executed by the TRUSTEE, such certificate to be substantially of the following tenor :

[FORM OF TRUSTEE'S CERTIFICATE.]

This bond is one of the series of Bonds described in the within-mentioned Mortgage or Deed of Trust executed by THE WESTERN MARYLAND RAIL ROAD COMPANY to the undersigned as TRUSTEE.

THE MERCANTILE TRUST COMPANY
Trustee.

By

Vice-President.

and

WHEREAS, at a meeting of the Stockholders of the RAILROAD COMPANY, held on the 14th day of October, 1902, pursuant to notice duly given, as required by law, the issue of the bonds hereby secured and the execution and delivery of this indenture were duly approved and authorized; and at a meeting of the Board of Directors of the RAILROAD COMPANY held the 16th day of October, 1902, the officers of said Company were directed to execute and deliver the said mortgage in the form of this instrument.

Action of Stockholders and Directors.

Now, therefore, this Indenture Witnesseth:

That, in order to secure the payment of the principal and interest of all such bonds at any time issued and outstanding under this Indenture, according to their tenor and effect, and the performance of all the covenants and conditions herein contained, and in consideration of the premises and of the purchase and acceptance of such bonds by the holders thereof, and of the sum of One dollar to it duly paid by the TRUSTEE, at or before the ensealing or delivery of these presents, the receipt whereof is hereby acknowledged, the RAILROAD COMPANY, party of the first part, has executed and delivered these presents, and has granted, bargained, sold, aliened, remised, released, conveyed, confirmed, assigned, transferred and set over, and by these presents does grant, bargain, sell, alien, remise, release, convey, confirm, assign, transfer and

Granting clause.

set over unto the TRUSTEE, party of the second part, its successors and assigns forever.

ALL AND SINGULAR the line of railroad of the RAILROAD COMPANY, party hereto of the first part, extending from Hillen Station to Madison Street, in Baltimore City, a distance of .40 miles, and from Fulton Junction in said Baltimore to Williamsport, a distance of 90.29 miles and a line connecting the Baltimore and Ohio and the Norfolk and Western Railroads in the City of Hagerstown, a distance of 1.79 miles; in all 92.48 miles of railroad, all in the State of Maryland, except about three-fourths of a mile in the State of Pennsylvania, at Blue Ridge Summit, and at Pen-Mar. Railroad mortgaged.

ALSO the following described shares of capital stock owned by the RAILROAD COMPANY, the certificates for which shares, duly endorsed for transfer, have, simultaneously with the execution hereof, been delivered to The Mercantile Trust Company, TRUSTEE hereunder, namely: Stocks pledged.

13,169 shares of the common capital stock of the Baltimore and Harrisburg Railway Company, of the par value of $658,450

843 shares of the common capital stock of the Baltimore & Cumberland Valley Railway Company, of the par value of $42,150

1,509 shares of the common capital stock of the Baltimore & Cumberland Valley Railroad Company, of the par value of $75,450

9,993 shares of the common capital stock of the Potomac Valley Railroad Company, of the par value of $499,650

4,779 shares of the common capital stock of the Baltimore & Harrisburg Railway, Western Extension, of the par value of $238,950

And 93 shares of the common capital stock of the Western Maryland Tide-water Railroad Company, of the par value of $4,650.

ALSO all other stocks, bonds, certificates of indebtedness, claims and other property of every name and nature now

owned by the RAILROAD COMPANY, and also all other property of whatever kind hereafter acquired by the RAILROAD COMPANY which by any of the provisions of this Indenture it is required to pledge with, assign or transfer to the TRUSTEE.

ALSO all railroads, lines of railroad, extensions and branches together with all lands, equipment, property, rights and franchises connected therewith, or with the use or operation thereof, and all other property, real and personal, of whatever kind and description, which may be constructed or acquired by the use of bonds or proceeds of bonds issued hereunder, as in this Indenture provided;

INCLUDING, ALSO, any and all roadbed, superstructure, rights of way, rails, tracks, sidetracks, bridges, viaducts, buildings, depots, stations, warehouses, car-houses, engine-houses, freight-houses, coal-houses, wood-houses, machine-shops and other shops, turn-tables, water-stations, fences, docks, structures, erections and fixtures, and all other things of whatever kind, now owned or hereafter acquired by the RAILROAD COMPANY or its successors in any wise and at any time belonging or appertaining to or provided for use upon or in connection with any line of railway, extension, branch or other property now owned by the RAILROAD COMPANY or hereafter acquired by it, and subject to the lien of this Indenture; and any and all lands designed for depots, warehouses or other structures at any terminus, or on or along any line of railway, extension or branch now or at any time hereafter subject to the lien hereof, and any and all locomotives, engines, cars and other rolling stock, equipment, machinery, instruments, tools, implements, materials, furniture and other chattels, wheresoever situated, now or hereafter held, acquired, or provided for use upon any such line of railway, extension or branch now owned or hereafter acquired, and subject to the lien hereof, and any and all leaseholds, leases, rights under leases, or contracts, trackage agreements or operating arrangements, covenants and agreements, terms or parts of terms (excepting, however,

a lease of the said Washington and Franklin Railroad, dated the first day of July, 1901, and excepting any and all property rights, leasehold interests or agreements under said last mentioned lease) and any and all other property, real and personal, of every kind and description, now owned or hereafter acquired by the RAILROAD COMPANY for use upon, or in connection with, or for the purposes of, any such line of railway extension or branch, now or at any time subject to the lien hereof; and, any and all corporate or other rights, privileges and franchises which the RAILROAD COMPANY now has, and all rights, privileges and franchises which the RAILROAD COMPANY or its successors hereafter shall acquire, possess or exercise for, or appertaining to, the construction, maintenance, use or operation of any and all lines of railway, extensions and branches and any part thereof, which are now or hereafter may become subject to the lien of this Indenture; and any and all the rents, issues, profits, tolls and other income of all lines of railway, extensions and branches, and any part thereof, which are now or may become hereafter subject to the lien hereof, and any and all the rights, privileges, franchises, properties, real or personal, rights and things which the RAILROAD COMPANY now owns or hereafter shall possess or become entitled to possess, for the purpose of, or in connection with, any such line of railway, extension or branch now or hereafter subject to the lien of this Indenture;

ALSO ANY AND ALL OTHER PROPERTY of any kind, including bonds and other securities, claims and stocks which, from time to time hereafter, may be expressly conveyed and mortgaged, or delivered, or by writing of any kind assigned or transferred by the RAILROAD COMPANY or by any one with its consent in its behalf, to the TRUSTEE hereunder; the TRUSTEE being hereby authorized, with the consent or approval of the RAILROAD COMPANY, at any and all times to receive any such property as and for additional security for the bonds issued and to be issued hereunder and to hold and ap-

ply any and all such property subject to the trust of this Indenture : *Provided, however,* and it is hereby expressly covenanted and declared, that any conveyance, mortgage, assignment or transfer, pursuant to the provisions of this clause, of any property not acquired in whole or in part by the use of bonds or proceeds of bonds issued hereunder as and for additional security, may be made subject to any reservations, limitations, conditions and provisions which shall be set forth in an instrument in writing, then executed by the TRUSTEE and by the RAILROAD COMPANY, respecting the use, management and disposition of such additional property or the proceeds thereof ;

TOGETHER WITH all the right, title, estate, interest and property which the RAILROAD COMPANY now has, or at any time hereafter may acquire, in or to any of the franchises, lines of railway, extensions, branches, telegraph lines, and other properties, real, personal, or mixed, hereby mortgaged, conveyed and assigned, or intended so to be.

AND IT IS COVENANTED AND DECLARED, that all railroads, franchises, rolling stock, stocks, bonds or other securities and property of every kind and description and any interest therein which, by any covenant or provision of this Indenture, the RAILROAD COMPANY has subjected, or agreed to subject, to the lien hereof, shall immediately when acquired by the RAILROAD COMPANY, and subject to the terms and conditions of such acquisition and without any further conveyance, assignment or delivery become and be subject to the lien of this Indenture as fully and completely as though now owned by the RAILROAD COMPANY and expressly and specifically conveyed and embraced in the granting clauses of this Indenture ; but the RAILROAD COMPANY covenants and agrees that at any and all times it will execute and deliver any and all further conveyances thereof and instruments of further assurance to the TRUSTEE, as the TRUSTEE may reasonably direct or require for the purpose of expressly and specifically subjecting the same to the lien of this Indenture.

But it is hereby covenanted and declared that the RAILROAD COMPANY reserves the right, except as in this Indenture expressly otherwise provided, to acquire any railroad, branch or extension and any stocks, bonds, securities and other property of any kind or description free from the lien of this Indenture; and any railroad, branch or extension and any stocks, bonds, securities and other property of any kind or description acquired by the RAILROAD COMPANY without the use of bonds or proceeds of bonds issued hereunder, or constructed or acquired by the use of any such bonds or the proceeds of any such bonds as may be delivered to the RAILROAD COMPANY as hereinafter provided in reimbursement of expenditures then already made out of other resources, for any purpose for which bonds are hereinafter provided to be issued, shall be free from the lien of this Indenture unless specifically subjected thereto by an instrument in writing executed by the RAILROAD COMPANY to the TRUSTEE hereof.

To have and to hold all and singular the said railroads, premises, property, real or personal, franchises, rights, estates, lands, appurtenances, stocks, bonds and other securities hereby conveyed and mortgaged, or intended so to be, unto the TRUSTEE, its successors and assigns forever. *Habendum.*

But the aforesaid grants are in trust, nevertheless, for the equal and proportionate benefit and security of all holders of the bonds and coupons issued and to be issued under and secured by this Indenture, and for the enforcement of the payment of said bonds and interest when payable according to their tenor, purport and effect, and to secure the performance and observance of and compliance with the covenants and conditions of this Indenture, without preference, priority or distinction as to lien or otherwise of one bond over any other bond by reason of priority in the issue, sale or negotiation thereof, or of the purpose of their issue, so that each and every bond issued as aforesaid shall have Grant in trust.

the same right, lien and privilege under and by virtue of this Indenture, and so that the principal and interest of every such bond shall, subject to the terms hereof, be equally and proportionately secured hereby as if all had been duly issued, sold and negotiated simultaneously with the execution and delivery of this indenture, it being intended that the lien and security of this Indenture shall take effect from the date of the execution and delivery hereof without regard to the time of actual issue, sale or negotiation of said bonds, as though upon such date all of said bonds were actually issued, sold and delivered to and in the hands of holders thereof for value.

And it is covenanted and declared that all such bonds, with the coupons for interest thereon, are to be issued, certified and delivered, and that the mortgaged premises are to be held by the TRUSTEE subject to the further covenants, conditions, uses and trusts hereinafter set forth, and it is hereby covenanted and agreed between the parties hereto, as follows, viz. :

Article First.

GENERAL PREREQUISITES TO ISSUE.

The bonds to be issued under and secured by this Indenture, together with the interest coupons pertaining thereto, shall be of the tenor and purport above recited.

To bear Trustee's certificates.

Only such bonds as shall bear thereon endorsed a certificate in the form hereinbefore recited, executed by the TRUSTEE hereunder, shall be secured by this Indenture or entitled to any lien, right or benefit hereunder ; and such certificate of the TRUSTEE upon any such bond executed by the RAILROAD COMPANY shall be conclusive evidence that the bond so certified has been duly issued hereunder and that the holder is entitled to the benefit of the trust hereby created.

Matured coupons to be cancelled.

Before certifying or delivering any bond, all coupons thereon then matured shall be cut off, cancelled and delivered

to the RAILROAD COMPANY ; and the TRUSTEE shall not certify or deliver any registered bond bearing interest from a date more than six months prior to such certification or delivery.

The amount of the bonds hereby secured which may be executed by the RAILROAD COMPANY and which may be certified by the TRUSTEE is limited so that there shall never at any time be outstanding under this Indenture bonds for an aggregate principal sum exceeding Fifty Million dollars ($50,000,000).

All bonds to be secured hereby shall from time to time be executed and be delivered by the RAILROAD COMPANY to the TRUSTEE for certification, and thereupon the TRUSTEE shall certify and deliver the same, as provided in ARTICLE SECOND of this Indenture, and not otherwise. On request of the RAILROAD COMPANY the TRUSTEE shall so certify such bonds and shall deliver the same pursuant to the provisions of said ARTICLE SECOND, whether or not such delivery shall be in advance of registration or recording of this Indenture.

Article Second.

PURPOSES AND CONDITIONS OF ISSUE.

SECTION 1. Of the bonds authorized to be issued under and secured by this Indenture bonds in the aggregate principal amount of Nine Million five hundred thousand dollars ($9,500,000) shall, upon the execution and delivery hereof, or as soon as may be thereafter, be certified by the TRUSTEE and delivered to the RAILROAD COMPANY upon the execution and delivery to the TRUSTEE of an instrument or instruments in writing conveying, assigning, transferring and releasing to the RAILROAD COMPANY all of the debts, obligations, interests and property (except the shares of the capital stock of the RAILROAD COMPANY) embraced in the deeds of conveyance and assignment made June 27th, 1902, by and between the Mayor and City Council of Baltimore, as party of the first part, and Myron T. Herrick, Winslow S. Pierce and Edward L. Fuller, as parties

$9,500,000 upon transfer to Railroad Co. properties formerly owned by Mayor and City Council of Baltimore.

of the second part, and upon the delivery to the TRUSTEE for cancellation and surrender to the RAILROAD COMPANY of all the bonds and coupons mentioned in said deeds of assignment.

$11,000,000 upon delivery to the Trustee of stock of W. V. C. & P. Ry. Co.

SECTION 2. Of the bonds authorized to be issued under and secured by this Indenture, bonds in the aggregate principal amount of Eleven Million Dollars ($11,000,000) shall be certified by the TRUSTEE and delivered by the RAILROAD COMPANY upon the deposit with the TRUSTEE of shares of the capital stock of the West Virginia Central and Pittsburg Railway Company to the aggregate amount of at least one hundred and three thousand four hundred and ninety-seven (103,497) shares of said stock, being about ninety-eight per cent. (98%) of the entire outstanding capital stock of said last mentioned Railway Company, the certificates representing said shares so deposited to be endorsed in blank for transfer or accompanied with proper assignments for transfer and said shares to be and to become immediately upon such delivery and deposit a part of the security for the bonds issued under this Indenture.

$4,500,000 upon deposit with the Trustee of a like amount in cash.

SECTION 3. Of the bonds authorized to be issued and secured by this Indenture bonds in the aggregate principal amount of Four Million five hundred thousand dollars ($4,500,000) shall from time to time be certified by the TRUSTEE and delivered to the RAILROAD COMPANY upon the deposit with the TRUSTEE of a sum or sums of money as hereinafter in this section provided.

Whenever the RAILROAD COMPANY shall deposit or cause to be deposited with the TRUSTEE any sums of money not exceeding in the aggregate the principal amount of the bonds reserved under this section, the TRUSTEE shall receive the money so deposited, and shall thereupon certify and deliver to the RAILROAD COMPANY, or upon its order, bonds secured hereby and reserved as aforesaid under this section in a principal amount equal to the amount of money so deposited with the TRUSTEE.

The money deposited with the TRUSTEE under the provisions of this section shall be held by it and shall be available to the RAILROAD COMPANY as follows :

One Million Dollars ($1,000,000) of the money deposited with the TRUSTEE under the provisions of this section, shall immediately upon such deposit fall into and be passed to the credit of the Development and Equipment Fund provided for in Article Fifth of this Indenture.

$1,000,000 for Development and Equipment Fund.

Three million five hundred thousand dollars ($3,500,000) of the money deposited with the TRUSTEE under the provisions of this section, or so much thereof as may be necessary for the purposes hereinafter set forth, shall be set apart to be paid over to the RAILROAD COMPANY from time to time for the following purposes and upon the following conditions, viz. :

The primary purpose for which said sum of $3,500,000, or so much thereof as may be necessary, may be paid over to the RAILROAD COMPANY is the construction or acquisition and equipment by the RAILROAD COMPANY, or by any other company a majority of whose capital stock is owned by the RAILROAD COMPANY at the time of the execution of this Indenture and pledged hereunder, or by any other company all of whose bonds, indebtedness and outstanding stock (except the number of shares necessary to qualify directors) shall, at the time of such construction or acquisition, be owned by the RAILROAD COMPANY and pledged hereunder, of a line of railroad connecting the system of the RAILROAD COMPANY and the lines of railroad of the West Virginia Central and Pittsburg Railway Company, or for the acquisition *en bloc* by the RAILROAD COMPANY of all the bonds, indebtedness and outstanding stock (except the number of shares necessary to qualify directors) of any other company which shall own such a connecting line of railroad.

$3,500,000 for construction or acquisition of a line connecting the system of the Railroad Co. & the W. V. C. & P. Ry. Co.

The conditions upon which said sum of $3,500,000, or so much thereof as may be necessary, shall be paid over to the RAILROAD COMPANY from time to time as portions of said line

Conditions governing payment of $3,500,000.

of railroad are completed and equipped, or such bonds, indebtedness and stock acquired, are as follows :

Resolution of Directors and certificates of President or Vice-President and Secretary.

Before paying over any of said money there shall be delivered to the TRUSTEE a copy of a resolution passed by the Board of Directors or the Executive Committee of the Board of Directors of the RAILROAD COMPANY calling for the payment of money under this Section and there shall also be delivered to the TRUSTEE a certificate or certificates signed by the President or Vice-President and by the Secretary of the RAILROAD COMPANY certifying :

1. A description of the number of miles of completed and equipped railroad and of the property constructed or acquired and equipped by the RAILROAD COMPANY and the amount expended for such purpose and that such railroad, property and equipment is free from any lien, charge, or encumbrance prior to the lien of this Indenture except undetermined claims incidental to construction, the amount whereof shall be stated ; or

2. A description of the number of miles of completed and equipped railroad an of the property constructed or acquired and equipped, and the amount expended for such purpose, by any of the companies respectively described in this section, and that such railroad and equipment is free from any lien, charge or encumbrance, except such as may exist in favor of the RAILROAD COMPANY and be pledged hereunder and except undetermined claims incidental to construction, the amount of which shall be stated ; or

3. A description of the bonds, indebtedness and shares of stock of any other company which shall have been acquired by the RAILROAD COMPANY and of the property owned by such other company, and the amount actually expended by the RAILROAD COMPANY in such acquisition and also that such bonds, indebtedness and shares of stock are all the outstanding bonds and indebtedness (except undetermined claims incidental to construction to an amount not exceeding that stated

in such certificate and to meet which a like amount shall be deposited or left with the TRUSTEE and applied as provided in Section 3 of this Article) and all the outstanding shares of the capital stock (except the number of shares necessary to qualify directors) of such other company; and

4. That none of the expenditures made on account of such construction or acquisition and equipment were included in any previous certificate furnished under this section, or under any other provision of this Indenture, and that the RAILROAD COMPANY has not been reimbursed therefor out of the Development and Equipment Fund under Article Fifth hereof, or out of any other funds under this Indenture.

Title to property acquired to be satisfactorily vested in Trustee.

Together with such resolutions and certificates there shall be delivered to the Trust Company such instruments or conveyances as may be necessary to vest in the TRUSTEE any property so acquired or constructed by the RAILROAD COMPANY, and the opinion of counsel to the effect that such instruments or conveyances are sufficient for that purpose or the opinion of counsel that no such instrument or conveyance is necessary.

Full authority and protection given to the Trustee by foregoing resolution and certificate.

The resolutions, certificates and opinion above mentioned shall be full authority and protection to the TRUSTEE for the payment by it of money under the foregoing provisions of this section, and upon receipt thereof the TRUSTEE shall pay over to the RAILROAD COMPANY, or upon its order, out of the money in the hands of the TRUSTEE under this Section, an amount of money equal to the amount specified in such resolution and certificate, less the amount of undetermined claims stated in such certificate, which amount shall be reserved by the TRUSTEE. All sums so reserved shall be paid over by the TRUSTEE to the RAILROAD COMPANY from time to time upon the certificate of the President and Secretary of the RAILROAD COMPANY to the effect that the claim against which any such sum has been so reserved has been liquidated and discharged. The RAILROAD COMPANY covenants and agrees that it will set aside separate and apart from its other funds all

moneys paid over to it under this section and will use said moneys only for the purposes hereinbefore in this section mentioned.

In the event that provisions shall be made by the RAILROAD COMPANY by trackage or operating arrangement, lease or otherwise for the use of any other line of railroad connecting the systems of the RAILROAD COMPANY and the West Virginia Central & Pittsburg Railway Company which use shall be for a period of at least ten years, or in case after the completion and equipment of said connecting line of railroad any part of said sum of $3,500,000 remains unexpended, the RAILROAD COMPANY may by resolution of its Board of Directors require the TRUSTEE to pass the said sum of $3,500,000, or so much thereof as may remain unexpended as aforesaid, to the credit of the Development and Equipment Fund provided for in Article Fifth of this Indenture and said moneys shall thereupon become subject to all the terms and provisions of this Indenture relating to said Development and Equipment Fund.

Surplus of $3,500,000 to be passed by Trustee to credit of the Development and Equipment Fund.

SECTION 4. Of the bonds authorized to be issued under and secured by this Indenture bonds in the aggregate principal amount of Three Million Dollars ($3,000,000) shall immediately upon the execution and delivery hereof or as soon as may be thereafter, be certified by the TRUSTEE upon the written order of the President of the RAILROAD COMPANY and be deposited with the Continental Trust Company of the City of Baltimore for the purpose of carrying out the undertaking contained in a certain agreement dated June 27th, 1902, between Myron T. Herrick, Winslow S. Pierce and Edwin L. Fuller, parties of the first part, and the Mayor and City Council of Baltimore, party of the second part, the said undertaking of said Herrick, Pierce and Fuller having been assumed by the RAILROAD COMPANY, said bonds to be held by said Continental Trust Company subject to the withdrawal thereof by the RAILROAD COMPANY as said bonds may be required from time to

$3,000,000 to be deposited with The Continental Trust Co. of the City of Baltimore for terminal purposes.

time to pay for terminals, terminal properties and facilities in and adjacent to the City of Baltimore, the certificate or vouchers for such payments or expenditures to be approved by the Mayor and Commissioners of Finance of Baltimore.

$4,900,000 reserved for the acquisition of bonds by the W. V. C. & P. Ry. Co., P. & C. Ry. Co. & C. & I. Ry. Co.

SECTION 5. Of the bonds authorized to be issued under and secured by this Indenture bonds in the aggregate principal amount of Four Million Nine Hundred Thousand Dollars ($4,900,000) shall be reserved to be executed, certified and delivered in the manner hereinafter in this Section provided for the acquisition of a like amount of the outstanding bonds, being all of the outstanding bonds, of the West Virginia Central & Pittsburg Railway Company, Piedmont and Cumberland Railway Company, and Coal and Iron Railway Company, substantially all of the capital stock of which last two named companies is owned by the West Virginia Central and Pittsburg Railway Company.

Said $4,900,000 of bonds shall be executed, certified and delivered from time to time as follows :

Conditions governing issue.

Whenever the RAILROAD COMPANY shall deliver or shall cause to be delivered to the TRUSTEE hereunder any of the outstanding bonds of any of the Companies named in this Section, with all unmatured and unpaid interest obligations thereunto belonging, the TRUSTEE shall receive the same and in exchange therefor shall certify and deliver to the RAILROAD COMPANY or upon its order bonds hereby secured and reserved under this section in the principal amount of said outstanding bonds so delivered as aforesaid to the TRUSTEE.

In the event that any of the bonds of any of the companies described in this section are purchased or retired through the operation of the mortgages securing the same or by the companies issuing the said bonds, then a like amount of bonds issued under this Indenture and reserved under the provisions of this section shall upon the application of the RAILROAD COMPANY be released from the operation of this section and shall

be certified by the TRUSTEE and used by the RAILROAD COMPANY for the purposes and in the manner provided in Section 7 of this Article. Proof of any of the above-mentioned facts may be made to the TRUSTEE by the sworn statement of the President or Vice-President of the RAILROAD COMPANY.

$2,581,300 reserved for the acquisition of the bonds of companies leased, operated or controlled by the Railroad Co.

SECTION 6. Of the bonds authorized to be issued under and secured by this Indenture bonds in the aggregate principal amount of Two Million Five Hundred and Eighty-one Thousand Three Hundred Dollars ($2,581,300) shall be reserved to be executed, certified and delivered only from time to time as hereinafter in this Section provided for the acquisition of a like amount of the outstanding bonds of companies whose properties are leased to, or operated or controlled by the RAILROAD COMPANY and hereinbefore in this Indenture named.

Conditions governing issue.

Whenever the RAILROAD COMPANY shall deliver or shall cause to be delivered to the TRUSTEE hereunder any of the outstanding bonds of said companies leased, operated or controlled by the RAILROAD COMPANY, with all unmatured and unpaid interest obligations thereunto belonging, the TRUSTEE shall receive the same and in exchange therefor shall certify and deliver to the RAILROAD COMPANY or upon its order bonds hereby secured and reserved under this section in the principal amount of said outstanding bonds of said leased or controlled companies delivered as aforesaid to the TRUSTEE.

In the event that any of the bonds of any of the companies described in this section are purchased or retired through the operation of the mortgages securing the same or by the companies issuing the said bonds, then a like amount of bonds issued under this Indenture and reserved under the provisions of this section shall upon the application of the RAILROAD COMPANY be released from the operation of this section and shall be certified by the TRUSTEE and used by the RAILROAD COMPANY for the purposes and in the manner provided in Section 7 of this Article. Proof of any of the above-mentioned facts

may be made to the TRUSTEE by the sworn statement of the President or Vice-President of the RAILROAD COMPANY.

SECTION 7. Of the bonds authorized to be issued under and secured by this Indenture bonds in the aggregate principal amount of Fourteen Million five hundred and eighteen thousand seven hundred dollars ($14,518,700), being the balance of the bonds authorized to be issued under and secured by this Indenture, shall be reserved to be executed by the RAILROAD COMPANY and to be certified by the TRUSTEE and to be used by the RAILROAD COMPANY from time to time for some one or more of the following purposes but only as hereinafter provided and subject to the restrictions hereinafter in this section stated, viz: $14,518,700 reserved for certain purposes and subject to certain restrictions.

The purposes for which such bonds and their proceeds may be used are as follows: To meet the expense of the following specified construction or acquisition, begun, contracted for or acquired after July 1, 1902:

(a) The construction or acquisition of railroad lines constituting additions to or branches or extensions of the railroad of the RAILROAD COMPANY subject to the lien of this Indenture or the construction or acquisition of additions to or branches or extensions of the railroad of any other company of whose outstanding capital stock the greater part shall at the time of the execution of this Indenture be subject to the lien hereof and held by the TRUSTEE hereunder. Branches and extensions.

(b) The completion of the lines of railroad of the Piedmont and Cumberland Railway Company and the Coal and Iron Railway Company, substantially all of the capital stock of which companies is owned by the West Virginia Central and Pittsburg Railway Company, and the construction or acquisition of railroad lines constituting additions to or branches or extensions of the railroads of said Piedmont and Cumberland Railway Company and Coal and Iron Railway Company. Completion and extension of the P. and C. Ry. Co. and the C. and I. Ry. Co.

(c) The acquisition *en bloc* of all the bonds, indebtedness and outstanding shares of the capital stock (less the number Acquisition of bonds, stock, etc., of certain companies.

of shares required to qualify directors) of any company or companies owning any extension or branch line for the construction or acquisition of which bonds may be issued under this Section.

Construction or acquisition of branches by certain companies.

(d) The construction or acquisition of extensions and branch lines by any company all the bonds and indebtedness and all the outstanding shares of capital stock of which (less the number of shares required to qualify directors) shall be subject to the lien of this Indenture and held by the TRUSTEE hereunder.

Construction or acquisition of shops, depots, terminal properties, etc., of certain companies.

(e) The construction or acquisition of shops, depots, terminal properties, and other additional property upon, along or appurtenant to, or for use in connection with the lines of railroad, branches, extensions or terminal properties belonging to the RAILROAD COMPANY and subject to the lien of this Indenture at the time of such construction or acquisition; or belonging to the Piedmont and Cumberland Railway or the Coal and Iron Railway Company; or belonging to any company of whose outstanding capital stock at least a majority in amount shall, at the time of the execution of this Indenture, be subject to the lien hereof or belonging to any other company all of whose bonds, indebtedness and outstanding capital stock (less the number of shares required to qualify directors) shall, at the time of such construction or acquisition, be subject to the lien of this Indenture and held by the TRUSTEE hereunder.

Purchase or acquisition of coal or iron mines and mining plants and for betterments, improvements and equipments.

(f) The purchase or acquisition by the RAILROAD COMPANY or by any of the companies respectively described in the preceding paragraph *(e)* of coal or iron mines or lands or any interest therein, and of suitable plants, machinery and other facilities for the development and operation of the same and for the permanent betterment, improvement and development of any of the railroads, branches, extensions, lands, mines, mining operations, shops, depots, terminals and other property hereby mortgaged and conveyed or which here-

after shall be acquired by the RAILROAD COMPANY and subject to this Indenture as a first and paramount lien thereon or which shall belong to any of the companies respectively described in the preceding paragraph *(e)* (including the application of air-brakes and automatic couplers to rolling-stock not supplied therewith, the fencing and ballasting of track, the reduction of grades and curvatures, the replacing of rails, the construction of second tracks, side-tracks and spur-tracks, the substitution of stone or iron for wooden viaducts and bridges, etc.).

Any such construction, acquisition, betterment, improvement or development referred to or described in this Section may be made by and in the name of the RAILROAD COMPANY or by or in the name of any of the companies described in paragraph *(e)* of this Section.

(g) The construction or acquisition by the RAILROAD COMPANY of additional locomotive engines, cars and other equipment. Construction or acquisition of railroad equipment.

The title to all equipment purchased with the proceeds of the sale of bonds issued hereunder, whether for use on the line of the RAILROAD COMPANY or of any proprietary or branch line shall be taken in the name of the RAILROAD COMPANY and belong to it and be subject to the lien of this mortgage as the first and paramount lien thereon.

The restrictions subject to which the bonds reserved under this section shall be certified and delivered from time to time by the TRUSTEE and may be used are as follows:

Before certifying and delivering any of such bonds there shall be delivered to the TRUSTEE a copy of a resolution passed by the Board of Directors or the Executive Committee of the Board of Directors of the RAILROAD COMPANY, calling for the certification and delivery of such bonds.

Before certifying and delivering any bonds for any of the purposes mentioned in Subdivisions "*a*," "*b*," "*c*" or "*d*" of this section there shall be delivered to the TRUSTEE a certifi- Condition of issue for certain purpose

Certificates of the President or Vice-President and Secretary.

cate, signed by the President or Vice-President, and by the Secretary of the RAILROAD COMPANY, specifying :

(1) The extension or branch line, and a description of the completed portion thereof constructed or acquired by the RAILROAD COMPANY, and on account of which the RAILROAD COMPANY requests the certification and delivery of bonds hereunder, and the amount actually expended by the RAILROAD COMPANY for such purpose, and that such railroad so constructed or acquired is free from any lien, charge or encumbrance prior to the lien of this Indenture, except undetermined claims incidental to construction to an amount not exceeding that stated in such certificate and to meet which a like amount shall be deposited or left with the TRUSTEE and held and applied as provided in Section 3 of Article Second hereof ; or

(2) A description of any bonds or other indebtedness and shares of stock of any other company which shall have been acquired by the RAILROAD COMPANY, and of the property owned by such other company, and the amount actually expended by the RAILROAD COMPANY in such acquisition, and also that such bonds and other indebtedness and shares of stock are all the outstanding bonds and other indebtedness (except undetermined claims incidental to construction to an amount not exceeding that stated in such certificate and to meet which a like amount shall be deposited or left with the TRUSTEE to be held and applied as aforesaid) and all the outstanding shares of the capital stock, (except the number of shares necessary to qualify directors,) of such other company ; or

(3) A description of the completed lines of railroad which were constructed or acquired and which are owned by the Piedmont and Cumberland Railway Company or by the Coal and Iron Railway Company, or by any other company all the bonds and indebtedness and shares of capital stock of which except as aforesaid shall then be held by the TRUSTEE hereunder, and the amount actually expended for such purpose ; and

(4) That none of the expenditures on account of which the RAILROAD COMPANY requests the certification and delivery of bonds hereunder were included in any previous certificate furnished under this Section or under any other provision of this Indenture, and that the RAILROAD COMPANY has not been reimbursed therefor out of the Development and Equipment Fund under Article Fifth hereof, or out of any other funds under this Indenture; and

(5) The price at which the RAILROAD COMPANY has sold or agreed to sell the bonds called for by said certificate, or in the event that it has not agreed to sell the same, then the average price upon the New York Stock Exchange during the previous calendar month of the bonds secured by this Indenture.

Conditions of issue for further purposes.

Before certifying and delivering any of the bonds reserved under this Section for any of the purposes specified in Subdivisions "*e*," "*f*" and "*g*" thereof, there shall be delivered to the TRUSTEE a certificate or certificates signed by the President or Vice-President and by the Secretary of the RAILROAD COMPANY, certifying:

Certificates of the President or Vice-President and Secretary.

(A) The expenditures for which reimbursement is desired out of the proceeds of such bonds indicating the amount and class of betterments or improvements made, and the branch lines, extensions, terminal properties, rolling stock or other additional property constructed or acquired, and the amount expended for each and every such purpose; and

(B) That none of the expenditures so certified were included in any previous certificate furnished to the TRUSTEE under this Section, or under any other provision of this Indenture, and that the RAILROAD COMPANY has not been reimbursed therefor out of the Development and Equipment Fund under Article Fifth hereof, or out of any other funds provided by this Indenture; and

(C) The price at which the Railroad Company has sold or agreed to sell the bonds called for by said certificate, or in the event that it has not agreed to sell the same, then the average

price upon the New York Stock Exchange during the previous calendar month of the bonds secured by this Indenture.

Title to property acquired to be satisfactorily vested in Trustee.

Together with the resolutions and certificates required by the provisions of this Section of this Article there shall be delivered to the TRUSTEE such instruments and conveyances as may be necessary to vest in the TRUSTEE any property so acquired or constructed by the RAILROAD COMPANY, together with such instruments of assignment and transfer as may be necessary to vest the same in the TRUSTEE, and the opinion of counsel of the RAILROAD COMPANY to the effect that such instruments, conveyances, assignments and transfer are sufficient for that purpose, or that no such instrument, conveyance, assignment or transfer is necessary.

The TRUSTEE thereupon shall certify and deliver to the RAILROAD COMPANY such an amount of bonds reserved under this section of this Article as will, when taken at the price of such bonds, as specified in the certificate of the RAILROAD COMPANY, be equal to the amount of such expenditures as stated in said certificate.

Certain acquisitions to be free from the lien of this Indenture.

The bonds so certified and delivered in reimbursement of expenditures then already made by the RAILROAD COMPANY out of other resources and the proceeds thereof may be used for any corporate purpose, and any property constructed or acquired by the RAILROAD COMPANY by the use of bonds certified and delivered in reimbursement of expenditures as aforesaid and the proceeds of said bonds shall be free from the lien of this Indenture.

Coupon bonds exchangeable for registered bonds.

SECTION 8. Whenever any coupon bond or bonds issued hereunder, together with all unmatured coupons thereto belonging, shall be surrendered for exchange for registered bonds, the RAILROAD COMPANY shall execute, and said TRUSTEE shall certify and, in exchange for such coupon bond or bonds, shall deliver a like amount in registered bonds, without coupons. Such registered bonds shall be for $1,000, or for such multiples of $1,000 as the RAILROAD COMPANY from time to time

by resolution of its Board of Directors or Executive Committee, may prescribe, and shall bear interest at the same rate as the surrendered coupon bonds, and from the date of the last matured coupon thereof.

Transfer of registered bonds.

Whenever any registered bond shall be surrendered, transferred and canceled, the RAILROAD COMPANY shall execute and the TRUSTEE shall certify and shall deliver to the transferee a like amount of new registered bonds without coupons.

For any exchange of coupon bonds for registered bonds, or for any transfer of registered bonds without coupons, the RAILROAD COMPANY, at its option, may make a charge sufficient to reimburse it for any stamp tax or other governmental charge required to be paid and, in addition, the sum of one dollar for each new registered bond issued upon such exchange or transfer.

Lost, mutilated or destroyed bonds.

In case any coupon bond issued hereunder with the coupons thereto appertaining, or any registered bond without coupons, shall be lost, become mutilated or be destroyed, the RAILROAD COMPANY, in its discretion, may issue, and thereupon said TRUSTEE shall certify and deliver a new bond of like tenor and date (including coupons in case of a coupon bond) bearing the same serial number, in exchange and substitution for, and upon cancellation of the mutilated coupon bond and its coupons, or the mutilated registered bond, or in lieu of, and substitution for, the coupon bond and its coupons or the registered bond so lost or destroyed, upon receipt of evidence satisfactory to the RAILROAD COMPANY of the loss or destruction of such coupon bond and its coupons, or of such registered bond, and upon receipt also of indemnity satisfactory to the RAILROAD COMPANY, and the RAILROAD COMPANY may charge for the issue of such new bond an amount sufficient to reimburse the RAILROAD COMPANY for the expense incurred by it in the issue of such new bond.

Provisions to be for sole benefit of bondholders.

SECTION 9. Nothing in this Article, or in any other Article of this Indenture, expressed or implied, is intended, or

shall be construed, to give to any person or corporation, other than the parties hereto and the holders of bonds issued under and secured by this Indenture, any legal or equitable right, remedy or claim, under or in respect of this Indenture, or under any covenant, condition or provision herein contained; all its covenants, conditions and provisions being intended to be, and being, for the sole and exclusive benefit of the said parties and of the holders of the bonds hereby secured.

Article Third.

COVENANTS OF THE RAILROAD COMPANY.

To pay principal and interest.

SECTION 1. The RAILROAD COMPANY covenants and agrees that it will duly and punctually pay or cause to be paid the principal and interest of every bond issued hereunder and secured hereby all in gold coin of the United States of America of or equal to the present standard of weight and fineness, at the dates and place and in the manner mentioned in such bond, or in the coupons thereto appertaining, without any deduction from either principal or interest for any tax or taxes which the RAILROAD COMPANY may be required to pay or to retain therefrom under or by reason of any present or future law of the United States or of any State, county or municipality therein. The interest on coupon bonds shall be payable only upon presentation and surrender of the respective coupons annexed to said bonds as such coupons respectively mature; and when and as paid, all coupons shall forthwith be canceled.

Without deduction for any taxes.

To keep an office where bonds and coupons may be presented for payment.

The RAILROAD COMPANY covenants and agrees that at all times until the payment of the principal of the bonds secured by this indenture, it will keep an office or agency in the City of New York where bonds and coupons may be presented for payment and where notices or demands in respect of said bonds and coupons may be served, and from time to time will give written notice to the TRUSTEE of the place of such office or agency. In case the RAILROAD COMPANY shall fail to

do so presentation and demand may be made and notices served at the office of the TRUSTEE in the city of New York.

To keep the property covered by this indenture free from any lien for taxes.

SECTION 2. Exclusively for the benefit of the holders of bonds issued hereunder, the RAILROAD COMPANY covenants and agrees that from time to time it will duly pay and discharge all taxes, assessments and governmental charges (the lien which would be prior or superior to the lien of this indenture) lawfully imposed upon the railroads, franchises, stocks, bonds and other property hereby mortgaged, pledged or assigned, or upon any part thereof, or upon the income or profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest under this Indenture of the TRUSTEE, or of the holders of the bonds hereby secured, in respect of the railroads and franchises, stocks, bonds and other property subject to this Indenture, so that the lien and priority of this Indenture shall be fully preserved at the cost of the RAILROAD COMPANY without expense to the TRUSTEE or to the bondholders; and, if any company the greater part of whose capital stock shall have been acquired and pledged hereunder, at any time while the greater part of the capital stock of such company shall be pledged hereunder, shall fail to pay any tax, assessment or charge lawfully imposed upon the property or franchises of such company or upon the income and profits thereof, or, if the Piedmont and Cumberland Railway Company or the Coal and Iron Railway Company shall fail to pay any tax assessment or charge lawfully imposed upon its property or its franchises or upon its income or profits, while stock of the West Virginia Central and Pittsburg Railway Company shall be subject to the lien hereof, then it, the RAILROAD COMPANY, either will forthwith pay or cause the same to be paid, or will forthwith acquire and transfer to the TRUSTEE the claim therefor; *provided, however*, that nothing in this section contained shall require the RAILROAD COMPANY to pay, acquire or

Proviso—

make provision for any such tax, assessment or charge so long as in good faith the validity thereof shall be contested.

Not to extend the time for the payment of any claim for interest.

SECTION 3. In order to prevent any accumulation after maturity of coupons or of claims for interest upon registered bonds, the RAILROAD COMPANY agrees and covenants that it will not directly or indirectly, extend or assent to the extension of the time for payment of any coupon or claim for interest upon any bonds secured hereby; and that it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or claims for interest upon registered bonds or in any other manner. In case the time for payment of any such coupon or claim for interest shall be so extended, whether or not such extension be by or with the consent of the RAILROAD COMPANY, such coupon or claim for interest shall not be entitled, in case of default hereunder, to the benefit or security of this indenture, except subject to the prior payment in full of the principal of all bonds issued hereunder then outstanding, and of all matured coupons and claims for interest on such bonds, the payment of which has not been so extended.

For connection between the Railroad Co. and the W. V. C. & P. Ry. Co

SECTION 4. The RAILROAD COMPANY covenants and agrees in the event no provision is made by it within one year from the date hereof by trackage agreement or operating arrangement, lease or otherwise, for the use, for a period of at least ten years, of any line of railroad connecting the systems of the RAILROAD COMPANY and the West Virginia Central and Pittsburg Railway Company, it will at once construct or acquire and subject to the lien of this Indenture as a first lien thereon, or will cause to be constructed or acquired by a company all of whose bonds, indebtedness and outstanding stock (except the number of shares necessary to qualify directors) shall be pledged hereunder, a line of railroad connecting the systems of the RAILROAD COMPANY and the West Virginia Central and Pittsburg Railway Company, and in the

event that any such trackage agreement or operating arrangement, lease or other arrangement for the use of any such connecting line of railroad is made, the RAILROAD COMPANY will subject such lease, contract, trackage agreement or operating arrangement, and all of its rights thereunder, to the lien of this Indenture as a first and paramount lien thereon.

To keep property in good repair and insured.

SECTION 5. The RAILROAD COMPANY covenants and agrees at all times to maintain, preserve and keep the mortgaged property and every part thereof, with the rolling stock, fixtures and appurtenances, and every part and parcel thereof, in thorough repair and working order and condition and adequately insured, and supplied with motive power, rolling stock and equipment, and that it will from time to time make all needful and proper repairs, renewals, replacements, additions, betterments and improvements, so that the traffic and business thereof and every part thereof shall at all times be conducted with safety and expedition.

To keep all after-acquired equipment which may become subject to the lien of this Indenture marked.

The RAILROAD COMPANY further covenants that it will cause all locomotives, cars and other equipments which may hereafter become subject to the lien of this mortgage, and renewals and replacements of existing equipment, to be distinctly, permanently and conspicuously marked "First Mortgage Equipment, The Mercantile Trust Company, Trustee, N. Y."; and the RAILROAD COMPANY covenants and agrees to keep and maintain, by frequent, constant and efficient renewals and repairs, all of said locomotives, cars and other equipment which may be at any time subject to the lien hereof in full numbers and first-rate condition of repair, and in the event of the total destruction of any part thereof by collision or otherwise, that it will forthwith replace the same with other equipment of at least equal value, which shall be marked as aforesaid, and shall give to said TRUSTEE and its duly appointed agents all proper facilities for the inspection of said equipment as frequently as the TRUSTEE may desire, and shall pay all the reason-

Facilities for inspection to be granted to Trustee.

able expenses of such inspection or inspections. The RAILROAD COMPANY will also keep, renew and constantly maintain upon all of said equipment the marks placed thereon as above provided. If upon any such inspection it shall appear to the TRUSTEE that any repairs or renewals are needed to such equipment or any part thereof, the RAILROAD COMPANY within thirty days after written notice thereof, shall cause the same to be made, and in default of so doing the TRUSTEE may make such repairs or renewals at its own expense and the RAILROAD COMPANY will repay to the TRUSTEE upon demand the cost thereof, together with all proper expenses connected therewith, including the TRUSTEE's compensation, with interest upon all money expended by the TRUSTEE in the premises at the rate of six per cent. from the date of the several payments by the TRUSTEE. All sums owing by the RAILROAD COMPANY to the TRUSTEE as aforesaid shall be part of the indebtedness secured hereby for the payment whereof the mortgaged premises shall be liable.

To render to Trustee an annual account of equipment.

The RAILROAD COMPANY shall and will annually, and when required by the TRUSTEE, until the bonds issued hereunder are paid and discharged in full, render to the TRUSTEE a full and accurate statement and account of said equipment and its condition, which statement may be received by the TRUSTEE as sufficient evidence of the facts therein stated.

It is, however, distinctly understood and agreed that it shall be no part of the duty of the TRUSTEE to make or cause to be made the inspection in this Section provided for, unless and until holders of bonds secured hereby to an amount of not less than twenty per cent. in par value of all the bonds issued and at the time outstanding under and secured by this Indenture shall have requested the TRUSTEE so to do.

Not to suffer creation of prior liens.

SECTION 6. The RAILROAD COMPANY covenants and agrees that this Indenture will always be kept and maintained to the extent that it now is, and may from time to time become, a valid lien upon all the railroad and appurtenances

described and conveyed in the granting clause hereof, and upon all renewals, betterments and improvements thereto; that it will not voluntarily create, or suffer to be created, any debt, lien or charge which would be prior to the lien of these presents upon any property which shall have become subject to this Indenture or any part thereof, or upon the income thereof; and within three months after the same shall accrue it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law be given precedence to this Indenture as a lien or charge upon such property or any part thereof or the income thereof; and if the Piedmont and Cumberland Railway Company or the Coal and Iron Railway Company or any company, of whose capital stock the greater part shall be subject to this Indenture shall voluntarily create or suffer to be created any additional lien or charge upon its property or income, or shall create or shall suffer to be created any additional indebtedness other than indebtedness to the RAILROAD COMPANY, or indebtedness for the current expenses of such company, then it (the RAILROAD COMPANY) will at once acquire such lien, charge or indebtedness and cause the same to be vested in the TRUSTEE, or will cause the same to be paid or discharged, *provided* that nothing in this section contained shall require the RAILROAD COMPANY to acquire or cause to be paid or discharged or make provision for any such debt, lien or charge so long as the validity thereof in good faith shall be contested. Proviso.

SECTION 7. The RAILROAD COMPANY covenants and agrees that at an office or agency to be maintained by it in the city of New York, or at some bank or trust company in said city, it will keep books for the registry of bonds issued hereunder, which books, at all reasonable times, shall be open to inspection by the TRUSTEE, and that, upon presentation for such purpose, the RAILROAD COMPANY will, under such reasonable To provide for registration of bonds.

regulations as it may prescribe, register therein the ownership of all registered bonds without coupons issued under this indenture and any coupon bonds which shall be presented for that purpose.

Regulations of registration and transfer.

Upon presentation to the bond registrar or transfer agent at the place where such books of registry are kept of any coupon bond which shall have been registered as aforesaid and delivery of a written instrument of transfer, in a form approved by the RAILROAD COMPANY, executed by the registered holder for the time being, such bond shall be transferred upon such register. The registered holder of any coupon bond shall also have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond shall be payable to any person presenting the same; but any such coupon bond registered as payable to bearer may be registered again in the name of the holder with the same effect as a first registration thereof. Successive registrations and transfers as aforesaid may be made, from time to time, as desired. Each registration shall be noted by the bond registrar of the RAILROAD COMPANY on the bond.

Any registered bond without coupons may be transferred at said office or agency by surrender of such bond to such bond registrar for cancellation, accompanied by the delivery of a written instrument of transfer in a form approved by the RAILROAD COMPANY, duly executed by the registered holder for the time being, and by payment of any charge imposed under Section 8 of ARTICLE SECOND hereof; and thereupon a new registered bond, or new registered bonds, for an equivalent aggregate principal sum, shall be issued to the transferee or transferees, as provided in said Section 8 of ARTICLE SECOND.

Registration of any coupon bond, however, shall not restrain the negotiability of any coupon thereto belonging, but every such coupon shall continue to pass by delivery merely, and shall remain payable to bearer.

Further assurance.

SECTION 8. Whenever demanded by the TRUSTEE, the RAILROAD COMPANY will grant, convey, confirm, assign, transfer and set over unto the TRUSTEE the estate, right, title and interest of the RAILROAD COMPANY in or to all real or personal estate, corporate rights and franchises which, in any way or manner, it shall acquire as appurtenant to, or for use upon, the railroad hereby mortgaged, or any railroad or property which hereafter shall become subject to the lien of this Indenture ; and it will also do, execute, acknowledge and deliver all and every such further acts, deeds, transfers and assurances for the better assuring, conveying and confirming unto the TRUSTEE all and singular the premises, estates and property hereby conveyed, or intended so to be, or which the RAILROAD COMPANY has herein covenanted or agreed hereafter to convey or mortgage to the TRUSTEE, as the TRUSTEE shall reasonably require for better accomplishing the provisions and purposes of this Indenture, and for securing payment of the principal and interest of the bonds intended to be hereby secured.

Against increase of stock or bonds.

SECTION 9. Except as in this Indenture expressly authorized the RAILROAD COMPANY will not by its affirmative vote or consent, or by abstaining from voting, sanction or permit any increase of the capital stock of the Piedmont and Cumberland Railway Company, or the Coal and Iron Railway Company, or any company of whose capital stock the greater part now is or hereafter shall be subject to this Indenture, or the creation of any indebtedness of any such company (except current operating accounts), or the issue or the guaranty of any bonds by any such company, or the creation of any mortgage or other lien upon the railroad or property of any such company unless effective provision be made that such indebtedness and the evidences thereof and such bonds issued or guaranteed and such mortgage or other lien and all such additional stock (or such part of such additional stock as shall be proportionate to the part of such entire cap-

ital stock previously pledged hereunder) shall forthwith, upon the issue or creation thereof, be transferred to the TRUSTEE, by it to be held subject to all the trusts of this indenture; and all such additional stock shall be fully paid and non-assessable.

Except as in this Indenture expressly authorized, the RAILROAD COMPANY will not, by its affirmative vote or consent, or by abstaining from voting, sanction or permit any company described in the section to sell or otherwise to dispose of or lease (unless such lease be upon the express condition that it shall terminate at the election of the TRUSTEE in case any default shall be made and shall continue as provided in Section 1 of ARTICLE SIXTH hereof) any railroad or bridge belonging to such company, or any property required for the operation thereof, except to the RAILROAD COMPANY or to some other company of whose capital stock the greater part shall then be held by the RAILROAD COMPANY, and be subject to the lien of this Indenture.

To assign to Trustee certain claims.

SECTION 10. Any and all claims or indebtedness, except arising out of current traffic obligations, which the RAILROAD COMPANY hereafter may acquire against any other company of whose capital stock the greater part now is, or hereafter shall be, subject to this Indenture, shall (subject to the provisions in respect thereof in this Indenture contained) be and become subject to the lien of this Indenture, and if and when requested in writing by the TRUSTEE the RAILROAD COMPANY will execute to the TRUSTEE appropriate assignments thereof.

To use the bonds hereby secured for the purposes herein prescribed.

SECTION 11. The RAILROAD COMPANY will not issue, negotiate, sell, hypothecate or dispose of any bonds hereby secured in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained; and, in issuing, selling, hypothecating, negotiating or otherwise disposing of such bonds, from time to time, it will well

and truly apply, or cause to be applied, the same, or the proceeds thereof, only to and for the purpose herein prescribed.

To preserve unimpaired its leasehold interests.

SECTION 12. The RAILROAD COMPANY from time to time will punctually observe and perform all of its obligations, and will pay and discharge all amounts payable under or by virtue of any lease of property held by it at any time subject to the lien of this Indenture, so that the interest of the RAILROAD COMPANY in such leasehold estates may be at all times preserved unimpared as security for the bonds issued hereunder; and will in like manner pay or cause to be paid and discharged all amounts which at the time of the execution hereof may be liens upon the property of the RAILROAD COMPANY or of the Piedmont and Cumberland Railway Company or the Coal and Iron Railway Company or of any company a majority of whose stock is pledged hereunder, when and as the same become due and payable, so that the lien of such sums shall upon such payment be absolutely released and discharged; provided, however, that nothing contained in this section shall require the RAILROAD COMPANY to make any such payments or to observe any such obligations so long as it shall in good faith contest its liability therefor.

Proviso.

To preserve unincumbered any shares of stock hereby pledged.

SECTION 13. Except subject to the lien hereof, or as herein otherwise expressly provided, the RAILROAD COMPANY will not sell, encumber, or by any voluntary act, part with its ownership of or title to any shares of stock of any company which shall have been pledged or assigned hereunder (if a majority of the shares of such company shall have been so pledged or assigned) or its equity of redemption therein, or the voting power thereon.

Article Fourth.

PROVISIONS RELATING TO PLEDGED SECURITIES.

Bonds may be stamped.

SECTION 1. The TRUSTEE is authorized to cause any and all coupon bonds delivered to it as security here-

under, or which at any time hereafter may be delivered to it as security under any of the provisions of this Indenture, to be stamped "Not negotiable. Held by The Mercantile Trust Company as TRUSTEE under the First Mortgage of the Western Maryland Railroad Company, dated October 1st, 1902."

Stocks to be transferred to Trustee.

SECTION 2. The TRUSTEE shall cause to be transferred into its name as trustee under this Indenture all shares of stock pledged to and deposited with it pursuant hereto.

Railroad Company entitled to interest and dividends on securities pledged.

SECTION 3. It is hereby expressly agreed that while and so long as there shall be no default in the payment of the principal or interest of any of the bonds secured hereby, unless the RAILROAD COMPANY shall have voluntarily surrendered possession of the mortgaged premises as herein authorized, the TRUSTEE shall detach and deliver to the RAILROAD COMPANY all coupons, as the same may mature, upon bonds deposited and pledged under this Indenture and will execute and deliver to the RAILROAD COMPANY, upon the written order of its President or a Vice-President, assignments of or orders for any dividends which may be declared or be payable upon any deposited or pledged stocks registered in the name of the TRUSTEE, and similarly will also make and deliver to the RAILROAD COMPANY such orders or assignments as may be necessary in order to enable the RAILROAD COMPANY to receive and collect any payments made for or on account of the interest of any other obligations deposited or pledged with the TRUSTEE hereunder as part of the security hereof, and so long as the Railroad Company shall not be in default hereunder as aforesaid, and shall not have surrendered possession as aforesaid, the Railroad Company shall have the right to vote upon all shares of stock pledged hereunder, for all purposes not inconsistent with the provisions and purposes of this indenture, and with the same force and effect as though such pledge had not been made, but subject to the restrictions and agreements herein contained, and the Trustee shall from time to time, upon the demand of the RAILROAD COMPANY evidenced by a resolution of

its Board of Directors or Executive Committee, make and deliver to the RAILROAD COMPANY proxies enabling the RAILROAD COMPANY or such person or persons as it may designate, to vote any of said stocks registered in the name of the TRUSTEE at any meeting or meetings of the company or companies which shall have issued the same. —Entitled to proxies on stock pledged.

Every such proxy shall, however, contain the express provision that the same shall not be construed to authorize the holder thereof to vote thereunder for any of the following purposes, viz.: (1) To sell the railroad of the company named in the proxy or any part of its property necessary to the operation thereof; (2) to increase the capital stock of such company; (3) to authorize the creation of any indebtedness of any such company (except current operating accounts), or to authorize the issue, or guarantee, of any bonds by any such company, or the creation of any mortgage or other lien upon the railroad or other property of such company unless in either of the cases mentioned in (2) and (3) effective provision be made that such indebtedness and the evidences thereof and such bonds issued or guaranteed and such mortgage or other lien and all of such additional stock (or such part of such additional stock as shall be proportionate to the amount of the capital stock of such company previously pledged hereunder) shall forthwith, upon the issue or creation thereof, be transferred to the TRUSTEE hereunder, to be held subject to all the trusts of this indenture; (4) to sell or otherwise dispose of or lease (unless such lease be upon the express condition that it shall terminate at the election of the TRUSTEE in case any default shall be made, and shall continue as provided in section 1, article Sixth, hereof) any railroad or bridge belonging to such company, or any property required for the operation thereof, except to the RAILROAD COMPANY or to some other company of whose capital stock the greater part shall then be held by the RAILROAD COMPANY and be subject to the lien of this indenture. Proxies to contain express restrictions.

Principal of bonds collected to pass to Development and Equipment Fund.

SECTION 4. In case, while and so long as there shall be no default hereunder, any sum shall be paid on account of the principal of any bonds or other obligations at any time held by the TRUSTEE subject to the lien of this Indenture, or in case any sum shall be paid on account of the interest on any such bonds or obligations out of the proceeds of the property covered by any mortgage or other Indenture securing such bonds or obligations, or in case upon the dissolution or liquidation of any Company any sum shall be paid upon any shares of stock of such company pledged hereunder, or upon any obligations or claims subject to this Indenture, then in such case any such sum shall be collected and received by the TRUSTEE, and shall fall into the Development and Equipment Fund under Article Fifth of this Indenture, and shall be applied as provided in said Article.

Trustee to deliver for cancellation the obligations of any Company the title to all of whose property has been acquired by the Railroad Co.

SECTION 5. In the event that the RAILROAD COMPANY shall at any time acquire title to all of the property of any company or companies, all of whose capital stock, mortgage bonds and other obligations are owned by it and are pledged and deposited with the TRUSTEE of this Indenture, the TRUSTEE shall, upon the written request of the President or a Vice-President of the RAILROAD COMPANY, and upon conveyance and assignment to it of the property so acquired by the RAILROAD COMPANY, deliver such stock to the RAILROAD COMPANY and shall cause such bonds and other obligations to be canceled and delivered to the TRUSTEE of the mortgages or liens securing the same for the purpose of obtaining the discharge and satisfaction of such mortgages or liens.

Power of Trustee to preserve corporate existence of Companies.

SECTION 6. The TRUSTEE upon the request of the RAILROAD COMPANY or, in its discretion without such request, may do whatever may be necessary for the purpose of maintaining or preserving the corporate existence of any and all companies, a greater part of whose stock shall, at any time, be pledged hereunder, and

for such purposes, from time to time, it may sell, assign, transfer and deliver so many shares of the stock of such companies as may be necessary to qualify persons to act as directors of, or in any other official relation to, said companies; and in every case the TRUSTEE may make such arrangements as it shall deem necessary for the protection of the trust hereunder.

Power to join in reorganization.

SECTION 7. The TRUSTEE, with the consent of the RAILROAD COMPANY, at any time may take such steps as in its discretion shall be necessary to protect its interests hereunder in respect of any bonds, obligations or stock subject to the lien hereof, and for that purpose it may join in any plan of reorganization, readjustment or refunding in respect of any such bonds or stocks and may accept new securities issued in exchange therefor under such plan; but in case the RAILROAD COMPANY shall be in default in the performance of any covenant in this Indenture contained, the TRUSTEE shall be entitled to take such steps without the consent of the RAILROAD COMPANY.

Power to foreclose mortgages securing pledged bonds.

SECTION 8. In case default shall be made in the payment of the principal or interest of any of the bonds or obligations at any time subject to the lien of this Indenture, or of other bonds or obligations secured by the same mortgage or lien as such bonds or obligations held by the TRUSTEE, then in any such case, the TRUSTEE may in its discretion, cause proper proceedings to be instituted and prosecuted in some court of competent jurisdiction to foreclose or enforce the mortgage, or lien, by which such bonds or obligations in default are secured.

Property may be purchased by use of pledged securities.

In case, at any time, any company of whose capital stock the greater part shall be held by the TRUSTEE hereunder shall be dissolved or liquidated, or in case all or any of the property of any such company shall be sold upon the insolvency of such company at any judicial or other sale, or in case any property covered by a mortgage securing any bonds,

or subject to any lien for the payment of any obligations held by the TRUSTEE hereunder, shall be sold upon foreclosure of such mortgage, or by enforcement of such lien, then in any such case, if the property of such company, or the property sold, can be acquired by crediting on the bonds, obligations, claims or stock held by the TRUSTEE hereunder any sum accruing or to be received thereon out of the proceeds of such property, and paying not more than fifteen per cent. of the price of such property in cash, the TRUSTEE in its discretion *may*, but if by the RAILROAD COMPANY requested in writing and provided with the amount of cash necessary therefor, the TRUSTEE in every case *shall* purchase, or cause to be purchased, or permit the RAILROAD COMPANY to purchase such property, in the name or on behalf of the TRUSTEE or of the RAILROAD COMPANY or by purchasing trustees, and shall use, or permit the RAILROAD COMPANY to use such bonds, obligations, claims, and stock, so far as may be, to make payment for such property; and in case of such purchase the TRUSTEE shall take such steps as it may deem proper to cause such property to be vested either in the RAILROAD COMPANY, subject to the lien of this Indenture, or in some other corporation organized or to be organized for that purpose, of whose bonded debt and capital stock, all excepting the number of shares required to qualify directors, shall be received and held by the TRUSTEE, and shall be held for the RAILROAD COMPANY but subject to the lien of this Indenture.

The RAILROAD COMPANY covenants that, on demand of the TRUSTEE, it, the RAILROAD COMPANY, forthwith will pay or satisfactorily provide for all expenditures incurred by the TRUSTEE under any of the provisions of this Section, including all sums required to obtain and perfect the ownership and title to any property which the TRUSTEE shall purchase or cause to be purchased pursuant to the provisions of this Section; and in case the RAILROAD COMPANY shall fail so to do, then, without impairment of, or prejudice to, any of its rights hereunder by

reason of the default of the RAILROAD COMPANY, the TRUSTEE, in its discretion, may advance all such expenses and other moneys required, or may procure such advances to be made by others, and for the repayment in six months thereafter, with interest, of such advances made by the TRUSTEE, or by others at its request, the TRUSTEE shall have a lien prior to the lien of this Indenture, on all the bonds, obligations, shares and other property in respect of which such advances were made, and the proceeds thereof and any property acquired by means of such bonds, obligations or shares.

In case the TRUSTEE shall not purchase or cause to be purchased the property sold at any such sale, and shall not join in a plan of reorganization as aforesaid in respect of such bonds or stock, then the TRUSTEE shall receive any portion of the proceeds of the sale accruing on the bonds, obligations and stocks by it held hereunder, and such proceeds, from time to time, shall be paid over to the RAILROAD COMPANY for the purposes and in the manner and subject to the restrictions set forth in ARTICLE FIFTH hereof.

Consolidation of Companies whose stocks are pledged.

SECTION 9. Anything in this indenture to the contrary notwithstanding, any company of whose shares of capital stock the larger part shall be subject to this indenture may be merged or consolidated with, or all or any part of the property of any such company may be sold either to the RAILROAD COMPANY or to any other railway company of whose capital stock at least ninety per cent. in amount shall then be held by the TRUSTEE hereunder; but no such merger, consolidation or sale shall be made except upon condition *(first)* that in case of any merger or consolidation at least ninety per cent. in amount of the stock of the consolidated company or the company (other than the RAILROAD COMPANY) into which any such company shall be merged shall be received, or shall continue to be held, by the TRUSTEE under this Indenture; and *(secondly)* that in case of any such merger, consolidation or sale, neither of the companies which shall be parties thereto (other than the RAIL-

Conditions of merger and consolidation.

ROAD COMPANY) nor any consolidated or new company formed thereby, shall, in connection therewith, create or incur any indebtedness or any lien, charge or incumbrance upon its property unless such indebtedness, lien, charge or incumbrance shall be transferred to the TRUSTEE and become subject to this Indenture ; and *(thirdly)* that in case of a merger or consolidation with, or sale to, the RAILROAD COMPANY this Indenture shall become a lien upon the railway and all property appertaining to the railway of the company merged or consolidated with, or whose property shall be sold to the RAILROAD COMPANY, subject only to pre-existing mortgages, if any, upon the property so merged, consolidated or sold.

Under the conditions aforesaid, any such merger, consolidation or sale may be made under any laws to which such company may be subject, and, upon request of the RAILROAD COMPANY, the TRUSTEE shall consent to all acts proper to carry into effect the purposes of this section.

Article Fifth.

DEVELOPMENT AND EQUIPMENT FUND.

Sources from which the Fund is to be derived.

SECTION 1. So long as the RAILROAD COMPANY shall not be in default under any provision of this Indenture, all moneys received by the TRUSTEE under any provision of this Indenture, unless expressly reserved or appropriated by this Indenture to some other purpose, shall be received by the TRUSTEE, and be by it set apart as a Development and Equipment Fund to be used and paid over as hereinafter in this Section provided.

Purposes for which moneys may be used.

The purposes for which the moneys in such Development and Equipment Fund created under the provisions of this Article may be used are as follows :

Any of the purposes specified in Sections Five, Six or Seven of Article Second of this Indenture for which bonds hereby secured and reserved under those sections may be certified, delivered and used.

Conditions governing disbursement by Trustee.

Before paying over to the RAILROAD COMPANY any moneys in said Development and Equipment Fund there shall be delivered to the TRUSTEE a copy of a resolution of the Board of Directors, or of the Executive Committee of the Board of Directors of the RAILROAD COMPANY calling for such payment and also a certificate or certificates signed by the President or a Vice-President of the RAILROAD COMPANY and by its Auditor or Treasurer, stating and specifying (1) the expenditures made by the RAILROAD COMPANY for which reimbursement is demanded out of said fund, and indicating the particular betterments or improvements, engines, cars, equipment, branch lines, extensions, terminals and other properties constructed or acquired, and the shares of stock, bonds or indebtedness purchased or acquired, and the amount expended by the RAILROAD COMPANY for each and every such purpose; (2) that none of the expenditures so certified were included in any previous certificate furnished under this Section or under Sections Five, Six and Seven of ARTICLE SECOND of this Indenture, and that the RAILROAD COMPANY has not been reimbursed for such expenditures out of bonds secured by this Indenture or out of the proceeds of such bonds or out of any other funds under this Indenture; and (3) that none of such expenditures were included in any expenditures reported by the RAILROAD COMPANY in any annual report as having been charged to operating expenses or the cost of maintenance; and (4) a schedule showing the character of any engines, cars or other equipment purchased, and a statement of the marks and numbers upon all of the same.

Title to property so acquired to be satisfactorily vested in Trustee.

Together with such resolutions and certificates there shall be delivered to the TRUSTEE any bonds so acquired and the certificates, duly endorsed for transfer, for any shares of stock so acquired by the RAILROAD COMPANY by means of such expenditures, and such further instruments and conveyances as may be necessary to vest in the TRUSTEE any new property so acquired by the RAILROAD COMPANY and, also,

the written opinion of counsel of the RAILROAD COMPANY to the effect that such instruments and conveyances are sufficient for that purpose or that no additional instrument or conveyance is necessary. Such resolutions, certificates and opinions shall be full authority and protection to the TRUSTEE for the payment to the RAILROAD COMPANY of moneys out of said Development and Equipment Fund, and the TRUSTEE shall upon receipt of said resolutions, certificates and opinion pay out of said fund to the RAILROAD COMPANY, or upon its order, the amount of money specified in such resolution.

Article Sixth.

REMEDIES IN CASE OF DEFAULT.

SECTION 1. In case default shall be made in the payment of any interest on any bond hereby secured, or in the payment of the principal of any such bond, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the RAILROAD COMPANY, and any such last-mentioned default shall continue for a period of six months after written notice thereof to the RAILROAD COMPANY from the TRUSTEE or from the holders of five per cent. or more in amount of the bonds hereby secured and at the time outstanding, then and in each and every such case the TRUSTEE, by its agents or attorneys, may forthwith enter into or upon all or any part of the railroads, rolling stock, property, lands, rights, interests, franchises and premises hereby conveyed, or intended so to be, or conveyed or intended to be conveyed by any indenture supplemental hereto, and each and every part thereof, and may exclude the RAILROAD COMPANY, its agents and servants wholly therefrom, and, having and holding the same, may use, operate, manage and control said railroads and other premises and property, regulate the tolls for the transportation of passengers and freight thereon, and conduct the business

Power of entry after default.

thereof either personally or by its superintendents, managers, receivers, agents, servants or attorneys, to the best advantage of the holders of the bonds hereby secured; and upon every such entry the TRUSTEE may, at the expense of the trust estate, from time to time, either by purchase, repair or construction, maintain and restore, and may insure or keep insured, the rolling stock, tools, machinery and other property, buildings, bridges and structures erected or provided for use in connection with said railroads and other premises, and whereof it shall become possessed as aforesaid, in the same manner and to the same extent as is usual with railroad companies, and likewise may, from time to time, at the expense of the trust estate, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the TRUSTEE in such case shall have the right to manage the mortgaged premises and property and to carry on the business and to exercise all the rights and powers of said RAILROAD COMPANY, either in the name of said RAILROAD COMPANY or otherwise, as the TRUSTEE shall deem best; and the TRUSTEE shall be entitled to collect and receive all tolls, earnings, incomes, rents, issues and profits of the mortgaged premises and property and every part thereof; and after deducting the expenses of operating said railroads and other premises and conducting the business thereof, and of repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the said railroads, premises or property or any part thereof, as well as just and reasonable compensation for its own services and for the service of all counsel, agents and employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

Application of income by Trustee in possession.

First. In case the principal of the bonds hereby secured shall not have become due, to the payment of the interest in default in the order of the maturity of the installments of such

interest, with interest thereon, such payments to be made ratably to the persons entitled thereto without any discrimination or preference;

Second. In case the principal of the bonds hereby secured shall have become due, by declaration or otherwise, first, to the payment of the accrued interest (with interest on the overdue installments thereof) in the order of the maturity of the installments, and next, if any surplus remains towards the payment of the principal of all bonds hereby secured, such payments in every instance to be made ratably to the persons entitled thereto without any discrimination or preference.

Upon the payment in full of whatever may be due for principal or interest, and be payable for other purposes, and after making provision satisfactory to the TRUSTEE for the semi-annual interest upon bonds secured hereby then next maturing, the premises shall be returned to the RAILROAD COMPANY.

Proxies to be revoked upon any default.

Upon the happening of any of the defaults hereinbefore specified the TRUSTEE shall forthwith revoke any and all proxies and all assignments or orders for the payment of dividends upon stock and interest upon bonds pledged hereunder theretofore given to the RAILROAD COMPANY or its nominee or nominees, and the TRUSTEE during the continuance of any such default shall be entitled to vote on all shares of stock then held by it hereunder, and, for the benefit of the holders of the bonds hereby secured, shall be entitled to receive and collect all interest moneys and all dividends maturing and payable upon all bonds and stocks then held by the TRUSTEE and to apply all moneys so received in the manner in this Section prescribed in respect of the tolls, earnings, income, rents, issues and profits of the mortgaged premises; and as holders of such bonds and shares of stock the TRUSTEE shall be entitled to perform any and all acts and to make or execute any and all transfers, requests, requisitions or other instruments for the purpose of carrying out the provision of this Section; but in the event that a receiver of the mortgaged railway or property shall have been

appointed and shall be in possession thereof the TRUSTEE, from time to time in its discretion, may, and if requested by the holders of a majority in amount of the bonds hereby secured the TRUSTEE shall, turn over any part or all of the interest moneys and dividends so collected by it to such receiver and may co-operate with such receiver in managing and operating the entire system of the RAILROAD COMPANY in such manner as the TRUSTEE shall deem for the best interests of the holders of the bonds hereby secured.

In case at any time when the mortgaged premises are in the possession of the TRUSTEE, or of any Receiver, the income and profits received from the mortgaged premises, after deducting all expenses properly chargeable against the same, shall be insufficient to pay all the interest upon bonds secured hereby which was due when the TRUSTEE, or such Receiver, took possession of the mortgaged premises, and all interest which may fall due while the TRUSTEE, or such Receiver, is in possession thereof, the continuance of a default happening before the TRUSTEE or receiver took possession of the property, or the failure to pay interest, maturing while the TRUSTEE, or such Receiver, is in possession of the property shall entitle the TRUSTEE and the bondholders to the same rights and remedies as are herein or by law provided upon the continuance of such default or the failure to pay such interest, as the case may be, in all respects as if the RAILROAD COMPANY had continued in possession of said premises.

Rights and remedies of Trustee not affected by entry.

SECTION 2. In case (1) default shall be made in the payment of any semi-annual installment of interest on any bond hereby secured when the same shall become payable, and any such installment shall remain unpaid for a period of six months, or in case (2) default shall be made in the performance of any of the covenants of the RAILROAD COMPANY contained in Sections 2 or 6 of Article Third hereof and any such default shall continue for a period of six

Anticipation of maturity of principal of bonds.

months, then and in either of such events, the holders of a majority in amount of the bonds hereby secured then outstanding, may, by notice in writing delivered to the RAILROAD COMPANY, declare the principal of all bonds hereby secured then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in said bonds contained to the contrary notwithstanding. This provision, is, however, subject to the condition that, if at any time after the principal of said bonds shall have been so declared due and payable, and before any sale of the mortgaged premises or any part thereof shall have been had, all arrears of interest upon all bonds hereby secured then outstanding, with interest on overdue installments of interest, and all expenses properly incurred by the TRUSTEE hereunder, or by any receiver duly appointed of the mortgaged premises or any part thereof, and its or his own compensation shall be paid by the RAILROAD COMPANY to the TRUSTEE, and the RAILROAD COMPANY shall also pay all taxes and other amounts due and payable under any provision of this Indenture, or in case such amounts shall have been collected out of the income of the mortgaged premises, before any sale of the mortgaged premises or any part thereof shall have been had, then and in every such case such declaration and its consequences shall *ipso facto* be rescinded and annulled; but no such rescission and annulment shall extend to or affect any subsequent default, or impair any right consequent thereon.

SECTION 3. In case default shall be made in the payment of any interest on any bond hereby secured and any such default shall continue for a period of six months, or in case default shall be made in the payment of the principal of any such bond, when the same shall become due and payable either by its terms or by declaration of the bondholders as aforesaid, or in case default shall be made in the due observance

or performance of any other covenant or condition herein required to be kept or performed by the RAILROAD COMPANY, and any such last mentioned default shall continue for a period of six months after written notice thereof to the RAILROAD COMPANY from the TRUSTEE or from the holders of five per cent. or more in amount of the outstanding bonds hereby secured, then and in each and every such case, the TRUSTEE shall be forthwith entitled, with or without entry, personally or by attorney, in its discretion, to sell at public auction to the highest and best bidder all and singular the mortgaged railroads and premises, rights and franchises, and all stocks, bonds, and other obligations and interests of every description held by the TRUSTEE or in any manner subject to this Indenture, and all right, title, interest, claim and demand therein, and right of redemption thereof, which sale shall be made in one lot and as an entirety or in separate parcels in accordance with Section 6 hereof, and upon such terms as the TRUSTEE may fix, and upon any such sale the TRUSTEE shall execute and deliver a deed or deeds of transfer or release of the property sold or other writing evidencing such sale; *provided*, that this power of sale shall only be exercised so far as may be authorized by law. Power of sale.

SECTION 4. In case default shall be made in the payment of any interest on any bond hereby secured or in the payment of the principal of any such bond, when the same shall become due and payable either by its terms or by declaration of the bondholders as aforesaid, or in case default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the RAILROAD COMPANY and such last mentioned default shall continue for a period of six months after written notice thereof to the RAILROAD COMPANY from the TRUSTEE, or from the holders of five per cent. or more in amount of the outstanding bonds hereby secured, then and in each and every

such case the TRUSTEE may forthwith proceed to protect and enforce its rights and the rights of the bondholders under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture for interest, or for principal, or both, or for the enforcement of any other appropriate legal or equitable remedy, as the TRUSTEE shall deem most effectual in support of any of its rights or duties hereunder.

Power to foreclose.

SECTION 5. Upon filing a bill in equity or upon other commencement of judicial proceedings, as provided in the foregoing section of this Article, by the TRUSTEE to enforce any right under this Indenture, the TRUSTEE shall be entitled to exercise any and all rights and powers herein conferred, and, as a matter of right, the TRUSTEE shall be entitled to the appointment of a receiver of the premises hereby mortgaged and of the tolls, earnings, revenue, rents, issues, profits and other income thereof, with such powers as the court making such appointment shall confer, and shall be entitled to the application by any such receiver of the net income for the benefit of the holders of the bonds issued hereunder, in accordance with the trusts herein declared. Except as herein expressly provided to the contrary, no remedy in this Indenture conferred upon or reserved to the TRUSTEE is intended to be exclusive of any other remedy, but every remedy in this Indenture provided shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and every power and remedy given by this Indenture to the TRUSTEE or to bondholders may be exercised from time to time and as often as may be deemed expedient. No delay or omission of the TRUSTEE, or any holder of bonds hereby secured, to exercise any right or power arising from

Entitled to appointment of a receiver

Remedies cumulative.

any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. In case the TRUSTEE shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued and abandoned because of a waiver or for any other reason, or shall have been determined adversely to the TRUSTEE, then and in every such case, the RAILROAD COMPANY and the TRUSTEE shall severally and respectively be restored to their former position and rights hereunder in respect of the mortgaged premises, and all rights, remedies and powers of the TRUSTEE shall continue as though no such proceedings had been taken.

SECTION 6. In the event of any sale under or by virtue of the power of sale herein contained, or by virtue of judicial proceedings, or of any judgment or decree of foreclosure and sale, the whole of the property and premises hereby conveyed, mortgaged, assigned, or pledged, including all stocks, bonds and other obligations and interests of every description held by the TRUSTEE or in any way subject to this Indenture shall be sold in one parcel and as an entirety, unless the TRUSTEE shall elect to sell in parcels; but if the holders of a majority in amount of the bonds hereby secured then outstanding shall in writing request the TRUSTEE to cause said premises to be sold either in one parcel as an entirety or in several parcels, the sale shall be made in one parcel as an entirety or in several parcels as may be specified in such request, and at such time or times and place or places as may be designated therein so far as the law may allow; but any sale of the mortgaged railroads, franchises and property appurtenant thereto or appertaining to the use thereof shall be made at the City of Baltimore, in the State of Maryland, or such other place upon the mortgaged railroad as the TRUSTEE may fix. The personal property and chattels appertaining to the

Property to be sold as an entirety unless otherwise directed or necessary.

railroads herein conveyed and transferred, or intended so to be, now held or hereafter acquired, shall be deemed real estate for all the purposes of this Indenture, and shall be held and taken to be fixtures and appurtenances of the said railroads, and are to be used and sold therewith and in the same manner and not separate therefrom, except as herein otherwise provided.

Notice of sale.

Notice of any such sale shall state the time and place when and where the same is to be made and shall contain a brief general description of the property to be sold, and shall be published once in each week for at least four successive weeks prior to such sale in a newspaper published in Baltimore, Maryland and a newspaper published in New York City, New York. The TRUSTEE may adjourn or cause to be adjourned any such sale from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication such sale may be made at the time and place to which the same shall be so adjourned.

Principal of bonds to become due upon sale.

SECTION 7. In case of such sale of the mortgaged railroads and property, whether under the power of sale hereby granted or pursuant to judicial proceedings, the whole of the principal sum of the bonds hereby secured, if not previously due, shall at once become due and payable, anything in said bonds or in this Indenture to the contrary notwithstanding.

Stay, appraisement or extension laws waived.

SECTION 8. The RAILROAD COMPANY covenants and agrees that it will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force, nor will it claim, take, or insist upon any benefit or advantages from any law now or hereafter in force, providing for the valuation or appraisement of the mortgaged premises prior to any sale or sales thereof; nor will it after any such sale or sales claim or exercise any right under any statute

to redeem the property so sold or any part thereof; and it hereby expressly waives all benefit and advantage of any such law or laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the TRUSTEE, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Conveyance to purchaser of mortgaged premises.

SECTION 9. Upon the completion of any sale or sales the TRUSTEE shall execute and deliver to the accepted purchaser or purchasers a deed or deeds of transfer and release of the property and franchises sold, or shall execute and deliver in conjunction with the deed or deeds of the court officer conducting such sale a proper release of such property and franchises, and the TRUSTEE shall deliver to such purchaser or purchasers all bonds, obligations and the certificates for all shares of stock held by the TRUSTEE and sold to such purchaser or purchasers together with proper assignments and transfers of such bonds, obligations and shares. The TRUSTEE and its successor and successors are hereby appointed the true and lawful attorney or attorneys irrevocable of the RAILROAD COMPANY, in its name and stead, to make all necessary deeds of conveyance, sale and transfer of the property herein conveyed and mortgaged, and for that purpose may execute all necessary acts of conveyance, assignment and transfer, and may substitute one or more persons with like power, the RAILROAD COMPANY hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Any such sale or sales made under or by virtue of this Indenture, either under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the RAILROAD COMPANY, of, in and to the premises sold, and shall be a

perpetual bar both at law and in equity against said RAILROAD COMPANY, its successors and assigns, and against any and all persons claiming or to claim the premises sold, or any part thereof, from, through or under the RAILROAD COMPANY, its successors or assigns. Nevertheless, the RAILROAD COMPANY shall, if so requested by the TRUSTEE, ratify and confirm such sale by executing and delivering to the TRUSTEE or to such purchaser or purchasers all proper deeds, conveyances and releases as may be designated in such request.

Receipt of Trustee to discharge purchasers.

The receipt of the TRUSTEE or of the court officer conducting any such sale shall be a sufficient discharge for the purchase money to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or be answerable in any manner whatsoever for any loss, misapplication, or non-application of any such purchase money or any part thereof.

Application of purchase and other money.

SECTION 10. The purchase money, proceeds or avails of any sale of the mortgaged premises, together with any other sums which may then be held by the TRUSTEE, or be payable to it, under any of the provisions of this Indenture as part of the trust estate, shall be applied as follows :

Payment of costs, expenses, compensation of Trustee, etc.

First. To the payment of the costs, expenses, fees and other charges of, and a reasonable compensation to the TRUSTEE, its agents and attorneys, and to the payment of all expenses, liabilities and advances incurred, or disbursements made by the TRUSTEE, and to the payment of all taxes, assessments or liens prior to the lien of these presents, except any taxes, assessments or other superior liens subject to which such sale shall have been made.

Payment of amount due on bonds with interest, etc.

Second. To the payment of the whole amount due, owing or unpaid upon the bonds hereby secured for principal and in-

terest, with interest on the overdue installments of interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, according to the aggregate of such principal and the accrued and unpaid interest.

Third. Any surplus then remaining, to the RAILROAD COMPANY, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same. Surplus to the Railroad Co. or others entitled thereto.

SECTION 11. In case of sale of the mortgaged premises or any part thereof, the purchaser, in settlement or payment for the property purchased, shall be entitled to use and apply towards payment of the purchase price of the property purchased any bonds and any matured and unpaid coupons hereby secured, by presenting such bonds and coupons so that there may be credited and endorsed or stamped as paid thereon the sums applicable to such payment out of the net proceeds of such sale as provided in Section 10 of this Article; and such purchaser shall thereupon be credited on account of the purchase price payable by him with the sums so applicable and credited on the bonds and coupons so presented. Such bonds and coupons so presented by the purchaser shall be deemed to be paid only to the extent of the amount so credited as paid thereon. Rights of purchaser to use bonds in payment.

At any such sale the TRUSTEE or any bondholders or their agents may bid for and purchase such property and may make payment therefor as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability.

SECTION 12. Upon the written request of the holders of twenty-five per cent. in amount of the bonds hereby secured then outstanding, in case of any default as aforesaid, it shall be the Respective rights of 25% and 75% of the bondholders in case of default.

duty of the TRUSTEE, upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the holders of the bonds hereby secured, or to exercise the powers of entry and sale herein conferred, or to commence appropriate judicial proceedings by action, suit or otherwise, as the TRUSTEE shall deem most expedient in the interest of the holders of the bonds hereby secured; but, anything in this Indenture contained to the contrary notwithstanding, the holders of seventy-five per cent. in amount of the bonds hereby secured and outstanding, shall have the right from time to time, if they so elect and manifest such election by an instrument in writing executed and delivered to the TRUSTEE, to direct and control the method and place of conducting any and all proceedings for any sale of the premises hereby conveyed and mortgaged, or for the foreclosure of this Indenture, or for the appointment of a receiver, or any other action or proceeding hereunder. However, nothing herein contained shall be construed as requiring any direction or action on the part of bondholders to enable the TRUSTEE to act in its discretion in any case where such action by bondholders is not herein expressly required.

Trustee may recover judgment for benefit of bondholders.

SECTION 13. In case default shall be made in the payment of any interest on any bond hereby secured, or in case default shall be made in the payment of the principal of any such bond when the same shall become payable, whether at the maturity of said bonds, or by declaration as authorized by this Indenture, or by a sale of the mortgaged premises as hereinbefore provided, then, upon demand of the TRUSTEE, the RAILROAD COMPANY agrees and covenants that it will pay to the TRUSTEE, for the benefit of the holders of the bonds and coupons hereby secured then outstanding, the whole amount which shall then be due and payable on all such bonds and coupons for principal or interest or both, as the case may be, with interest upon the overdue principal and in-

stallments of interest; and, in case the RAILROAD COMPANY shall fail to pay the same forthwith upon such demand, the TRUSTEE, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid. The TRUSTEE shall be entitled to recover judgment as aforesaid before or after or during the pendency of any proceeding for the enforcement of the lien of this Indenture upon the mortgaged premises, and the right of the TRUSTEE to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture, or by the foreclosure of the lien thereof; and in case of a sale of the mortgaged premises and of the application of the proceeds of sale to the payment of the mortgage debt, the TRUSTEE, in its own name and as trustee of an express trust, shall be entitled to receive and to enforce payment of any and all deficiency or amounts then remaining due and unpaid upon any and all of the bonds issued hereunder and then oustanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of the mortgage debt remaining unpaid, with interest. No recovery of any judgment by the TRUSTEE and no levy of any execution under any such judgment upon property subject to the lien of this Indenture, or upon any other property, shall in any manner, or to any extent, affect or impair the lien of the TRUSTEE upon the mortgaged property or any part thereof, or any rights, powers, or remedies of the TRUSTEE hereunder, or any rights, powers, or remedies of the holders of the bonds hereby secured, but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys thus recovered or collected by the TRUSTEE under this Article, less the cost and expenses of collection and the reasonable compensation of the TRUSTEE, shall be applied by the TRUSTEE towards payment to the holders of such bonds and coupons of the amounts due and unpaid upon such bonds

and coupons respectively, such payment in every instance to be made ratably and without any preference or priority upon presentation of the respective bonds and coupons and endorsement of such payment thereon, if partly paid, or upon cancellation thereof, if paid in full.

The Railroad Co. may voluntarily surrender to the Trustee the mortgaged property.

SECTION 14. The RAILROAD COMPANY, at any time before full payment of the bonds secured hereby and whenever it shall deem it expedient for the better protection and security of such bonds, although there be then no default entitling the TRUSTEE to enter into possession, may, with the consent of the TRUSTEE, surrender and deliver to the TRUSTEE full possession of the whole or any part of the property, premises and interests hereby conveyed, or intended so to be, for any period fixed or indefinite. Upon such surrender and delivery to the TRUSTEE, with its consent, the TRUSTEE shall enter into and upon the premises so surrendered and delivered and shall take and receive possession thereof, for such period fixed or indefinite, as aforesaid, without prejudice, however, to its right at any time subsequently, when entitled thereto by any provision hereof, to insist upon and to maintain such possession, though beyond the expiration of any prescribed period. Upon any such voluntary surrender and delivery of said property and premises, or any part thereof, the TRUSTEE, from the time of its entry, shall work, maintain, use, manage, control and employ the same in accordance with the provisions of this indenture, and shall receive and apply the income and revenues thereof as provided in Section 1 of this Article.

Article Seventh.

POWER TO RELEASE.

Trustee may, upon request of the Railroad Co., release any real or other property subject to this Indenture, except bonds, or other obligations, or shares of stock.

Upon the written request of the RAILROAD COMPANY, approved by resolution of its Board of Directors or Executive Committee, the TRUSTEE shall, from time to time release from the lien and operation of this Indenture any part of the real estate and other property hereby conveyed and

mortgaged (but nothing in this Article contained shall be construed as authorizing any release of any bonds, or other obligations or shares of stock); *provided*, that no part of the lines of track or of the rights of way shall be released unless the same shall no longer be of use in the operation of the mortgaged railroads, and that no part of such lines of track or rights of way shall be so released if thereby the continuity of the railroads hereby mortgaged shall be broken; and *provided, further*, that no part of the mortgaged premises or property shall be released hereunder unless at the time of such release it shall no longer be necessary or expedient to retain the same for the operation, maintenance or use of the remaining railroads and property or for use in conducting the business thereof, and no such release shall be made unless the RAILROAD COMPANY shall have contracted to sell the property so to be released, or shall have contracted to exchange the same for other property. Proviso. Proviso.

The proceeds of any and all such sales and all moneys received as compensation for any property subject to this Indenture taken by exercise of the power of eminent domain shall be paid to the TRUSTEE to be by it held and paid over as part of the Development and Equipment Fund under ARTICLE FIFTH of this Indenture in the manner and for the purposes therein mentioned. Any new property acquired by the RAILROAD COMPANY by exchange or purchase, to take the place of any property released hereunder shall forthwith become subject to the lien of this Indenture as fully as if specifically mortgaged hereby and without further conveyance; but, if requested by the TRUSTEE, the RAILROAD COMPANY shall convey the same to the TRUSTEE by appropriate deeds upon the trusts and for the purposes of this Indenture. Proceeds of such sale to pass into Development and Equipment Fund. New property to be subject to this Indenture.

The RAILROAD COMPANY from time to time, may make changes or alterations in or substitutions of any and all leases, trackage rights or contracts; but in such event any modified, altered or substituted leases, contracts or trackage Changes in leases and trackage rights.

rights shall forthwith become bound by and be subject to the terms of this indenture to the same extent and in the same manner as those previously existing ;

Proviso.

Provided, however, that no lease made for a term of ten years or upwards and no lease of or trackage contract over any railroad which forms with the railroad of the RAILROAD COMPANY and any other line leased by it or owned or leased by any other company at least a majority of whose capital stock shall be subject to the lien of this Indenture, shall be so modified as to deprive the RAILROAD COMPANY of the right to run its traffic over such leased line, unless the RAILROAD COMPANY shall have constructed or acquired by lease or otherwise another line between the same terminal points which is equally advantageous to it, proof of which facts shall be made to the TRUSTEE by the sworn written statement of the President and Chief Engineer of the RAILROAD COMPANY.

Railroad Company, in possession may remove old, and substitute new, equipment.

The RAILROAD COMPANY, while in possession of the mortgaged premises, shall also have full power, from time to time, in its discretion, to dispose of any of the rails, equipment, machinery, tools, implements, materials and supplies at any time held subject to the lien hereof, which may have become unsuitable or unnecessary for such use, replacing the same by new rails, equipment, machinery, tools, implements, materials or supplies, which shall become subject to this indenture.

In case the mortgaged premises shall be in the possession of a receiver lawfully appointed, the powers in and by this ARTICLE conferred upon the RAILROAD COMPANY may be exercised by such receiver ; and if the TRUSTEE shall be in possession of the mortgaged premises under any provision of this Indenture, then all the powers by this ARTICLE conferred upon the RAILROAD COMPANY may be exercised by the TRUSTEE in its discretion.

A certificate signed by the President or a Vice-President of the RAILROAD COMPANY shall be received by the TRUSTEE as con-

clusive evidence of any of the facts mentioned in this Article, and shall be full warrant and protection to the TRUSTEE for its action on the faith thereof.

Article Eighth.

PROTECTION OF TRUSTEE.

Not obliged to act unless indemnified against expense.

The TRUSTEE shall not be under any obligation to take any action towards the execution or enforcement of the trusts hereby created which in its opinion will be likely to involve it in expense or liability, unless one or more of the holders of the bonds hereby secured shall, as often as required by the TRUSTEE, furnish it reasonable security and indemnity against such expense or liability; nor shall the TRUSTEE be required to take notice of any default hereunder unless notified in writing of such default by the holders of at least five per cent. in amount of the bonds hereby secured then outstanding, or to take any action in respect of any default unless requested to take action in respect thereof by a writing signed by the holders of not less than twenty-five per cent. in amount of the bonds hereby secured then outstanding and tendered reasonable security and indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but the foregoing provisions of this Section are intended only for the protection of the TRUSTEE and shall not be construed to limit or affect any discretion or power by any provision of this Indenture given to the TRUSTEE to determine whether or not it shall take action in respect of such default, or any power or discretion of the TRUSTEE to take action in respect of any default without such notice or request from bondholders.

May require additional evidence.

In any case where it shall be provided in this Indenture that the TRUSTEE may accept a certificate from the RAILROAD COMPANY or any of its officers, or the resolution of the Board of Directors of the Railroad Company as sufficient evidence of any fact upon which the TRUSTEE shall be required or permitted to take or refrain from taking action, the TRUSTEE shall

not be bound absolutely by such certificate or resolution, but may, in its discretion and at its option, make any independent investigation into the truth or accuracy of any such fact; and in case it shall after such independent investigation be satisfied that the said certificate or resolution or any fact contained therein is inaccurate, the TRUSTEE may, in its discretion, take or refuse to take or refrain from taking action predicated upon such fact. Nothing in this section contained shall, however, take from the TRUSTEE the absolute protection herein conferred upon it in case it shall accept, without further investigation, the conclusiveness of any such certificate or resolution.

Compensation.

The TRUSTEE shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, which compensation, as well as all its reasonable expenses necessarily incurred and actually disbursed hereunder, the RAILROAD COMPANY agrees to pay, and the TRUSTEE shall have a lien, prior to the lien of this Indenture upon the property hereby mortgaged, for the payment of its compensation and reasonable expenses incurred hereunder.

To be paid by the Railroad Co.

Trustee not liable for faults of agents.

The TRUSTEE shall not be answerable for the default or misconduct of any agent, attorney or employee appointed by it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care, nor shall the TRUSTEE be liable for anything whatever in connection with this trust, except for its willful misconduct or gross negligence. The TRUSTEE shall not be responsible for the filing or recording of this Indenture, but the RAILROAD COMPANY covenants that it will with all convenient speed cause the same to be recorded. While the TRUSTEE shall be protected in all cases for all acts done in good faith under or in compliance with, and in reliance upon, the resolutions of the RAILROAD COMPANY or the certificates or verified certificates of its officers in any part of this Indenture provided, yet it may in any case, in its discretion require from the said RAILROAD COMPANY or officers other

Covenant by Railroad Co. to record this Indenture.

reasonable evidence of the facts set forth in such resolutions or certificates. The TRUSTEE shall not be personally liable for any debts contracted by it, or for damages to persons or property carried or injured, or for salaries or nonfulfilment of contracts during any period wherein the TRUSTEE shall manage the trust property or premises under or pursuant to any provision of this Indenture.

Trustee not personally liable for debts, damages, etc.

Article Ninth.

RIGHT OF ACTION BY BONDHOLDER.

No holder of any bond or coupon hereby secured shall have any right to institute any suit, action or proceeding at law or in equity upon or in respect of this Indenture, or for the execution of any trust or power thereof, or for the appointment of a receiver, or for any other remedy under or upon this Indenture, unless such holder shall previously have given to the TRUSTEE written notice of any existing default and of the continuance thereof as hereinbefore provided; nor unless also the holders of twenty-five per cent. in amount of the bonds hereby secured then outstanding shall have made written request upon the TRUSTEE and shall have afforded to it reasonable opportunity itself to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless, also, such holder or holders shall have offered to the TRUSTEE reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the TRUSTEE, to be conditions precedent to any action or cause of action for foreclosure or for the appointment of a receiver, and to the institution of any such suit, action or proceeding and to any other remedy hereunder; it being understood and intended that no one or more holders of bonds or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture by his or their action, or to enforce any right

hereunder, except in the manner herein provided, and that all proceedings hereunder at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding bonds and coupons.

Article Tenth.

RESIGNATION OR REMOVAL OF TRUSTEE.

The TRUSTEE, or any trustee hereafter appointed, may resign and be discharged from the trusts created by this Indenture, by delivering to the RAILROAD COMPANY written notice thereof addressed to the bondholders and the RAILROAD COMPANY and by publishing such notice at least twice a week for four successive weeks in one newspaper published in Baltimore, Maryland, and one newspaper published in New York City, New York, and by due execution of the instruments herein required. The TRUSTEE may be removed at any time by an instrument in writing under the hands of the holders of a majority in amount of the bonds hereby secured and then outstanding; but no such removal shall be made before default hereunder without the written consent of the RAILROAD COMPANY.

Must publish written notice of resignation.

Provisions for removal of Trustee.

In case at any time the TRUSTEE shall resign or be removed or otherwise become incapable of acting, a successor TRUSTEE qualified as hereinafter stated, may be appointed by the holders of a majority in amount of the bonds hereby secured then outstanding, by an instrument or concurrent instruments or counterparts signed by such bondholders or their agents duly authorized; *provided*, nevertheless, and it is hereby agreed and declared that in case at any time neither the present TRUSTEE nor any successor TRUSTEE shall be in office hereunder, the RAILROAD COMPANY may, by an instrument executed by order of its Board of Directors, appoint a trust company (which shall be qualified as hereafter stated) to fill such vacancy until a new TRUSTEE shall be appointed by

Appointment of new Trustee.

Railroad Co. may make appointment *pro tem.*

the bondholders. The RAILROAD COMPANY thereupon shall publish notice of such appointment once a week for four successive weeks in a newspaper published in Baltimore, Maryland, and a newspaper published in New York City, New York; and any new TRUSTEE so appointed shall immediately and without further act be superseded by a TRUSTEE appointed, in the manner above provided, by the holders of a majority in amount of the bonds hereby secured, if so appointed within one year after the first publication of such last-mentioned notice.

Qualification of Trustee.

Every TRUSTEE appointed hereunder shall always be a trust company in good standing doing business in the City of New York, or in the City of Baltimore, if there be such a trust company willing, able and qualified to accept the trust upon reasonable or customary terms, and all the rights, powers and duties by this Indenture vested in the TRUSTEE shall be vested in such successor trustee, and every provision of this Indenture applicable to the TRUSTEE shall apply equally to such successor trustee.

Instruments to be executed by entering and retiring Trustees.

Any new TRUSTEE appointed hereunder shall execute, acknowledge and deliver to the RAILROAD COMPANY an instrument accepting such appointment hereunder, and thereupon such new TRUSTEE without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as TRUSTEE herein; but the TRUSTEE ceasing to act shall, nevertheless, on the written demand of the new TRUSTEE, execute and deliver an instrument conveying and transferring to such new TRUSTEE upon the trusts herein expressed, all the estates, properties rights, powers and trusts of the TRUSTEE so resigning or removed, and shall duly assign, transfer and deliver all property and moneys held by such TRUSTEE to the new TRUSTEE so appointed in its place; and, upon request of any such new TRUSTEE, the RAILROAD COMPANY shall make, execute, acknowl-

edge and deliver any and all deeds, conveyances, or instruments in writing necessary for more fully and certainly vesting in and confirming to such new TRUSTEE all such estates, properties rights, powers, trusts and duties.

Article Eleventh.

RIGHT OF RAILROAD COMPANY TO POSSESSION.

Right of possession until default.

Until some default shall have been made in the due and punctual payment of the interest or of the principal of the bonds hereby secured, or of some part of such interest or principal, or in the due and punctual performance and observance of some covenant or condition hereof obligatory upon the RAILROAD COMPANY, and such default shall have continued beyond the period of grace, if any, herein provided in respect thereof, the RAILROAD COMPANY, its successors and assigns shall be suffered and permitted to retain actual possession of the railroad premises hereby mortgaged, and to manage, operate and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive and take the tolls, earnings, rents, issues, profits and other income thereof ; but the RAILROAD COMPANY hereby covenants and agrees to first pay from such income, after paying the operating expenses of said railroads and the taxes thereon, the interest accruing and maturing upon the bonds issued hereunder ; and such income, after paying the operating expenses of said railroads, shall, either before or after default, and whether said railroads are operated by the RAILROAD COMPANY, or by the TRUSTEE under the power of entry hereinbefore reserved, or by a receiver or receivers appointed by any court at the instance of the RAILROAD COMPANY or of any creditor, stockholder or other person interested in said Company or having the right to apply for such appointment, be primarily pledged and applied to the payment of the interest and principal of said bonds in the order of priority declared in Section 1 of ARTICLE SIXTH hereof.

Covenant to pay interest and principal of bonds from income.

Article Twelfth.

DISCHARGE OF MORTGAGE.

If, when the bonds hereby secured shall have become due and payable, the RAILROAD COMPANY shall well and truly pay or cause to be paid the whole amount of the principal moneys and interest due upon all of the bonds hereby secured and outstanding, or shall provide for such payment by depositing with the TRUSTEE hereunder, for the payment of such bonds, the entire amount due and to become due thereon for principal and interest, and shall also pay or cause to be paid all other sums payable hereunder, and shall well and truly keep, perform and observe all the things herein required to be kept, performed and observed by it according to the true intent and meaning of this Indenture, then and in that case all property, rights and interest hereby conveyed shall revert to the RAILROAD COMPANY, or to whomever may be entitled thereto, and the estate, right, title and interest of the TRUSTEE therein shall thereupon cease, determine and become void ; and the TRUSTEE shall, in such case, on demand of the RAILROAD COMPANY, and at its cost and expense, enter satisfaction and discharge of this Indenture upon the records.

Payment of principal and interest of bonds to discharge this Indenture.

Article Thirteenth.

AUTHENTICITY OF INSTRUMENTS EXECUTED BY BONDHOLDERS.

Any request or other instrument required by this Indenture to be signed or executed by bondholders may be in any number of documents of similar tenor, and may be signed or executed by such bondholders in person, or by agent or attorney appointed in writing. Proof of the execution of such a request or other instrument, or of a writing appointing any such agent or attorney, and of the holding by any person of coupon bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the TRUSTEE with regard to any action taken

by it under such request or other instrument, if made in the following manner, viz.: (1) the fact and date of the execution by any person of any such request, or other instrument, or writing may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any State within the United States, certifying that the person signing such request or other instrument acknowledged to him the execution thereof; or by the affidavit of a witness to such execution, duly sworn to before any such notary public or other officer. (2) The amount of coupon bonds transferable by delivery held by any person executing any such request or other instrument as a bondholder, and the amounts and issue numbers of the bonds held by such person and the date of his holding the same, may be proved by a certificate executed by any trust company, bank or other depositary (wherever situated) whose certificate shall be deemed by the TRUSTEE to be satisfactory, showing that such person had on deposit with such depositary or exhibited to it the bonds described in such certificate at the date therein mentioned. (3) The ownership of registered bonds shall be proved by the books for the registry of such bonds under Section 5 of ARTICLE THIRD hereof.

Article Fourteenth.

STATUS OF BONDHOLDERS.

Ownership of coupon bonds.

The RAILROAD COMPANY and the TRUSTEE may deem and treat the bearer of any coupon bond hereby secured, which shall not at the time be registered as hereinbefore authorized, and the bearer of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes; and neither the RAILROAD COMPANY nor the TRUSTEE shall be affected by any notice to the contrary.

The RAILROAD COMPANY and the TRUSTEE may deem and treat the person in whose name any registered bond without coupons, issued hereunder, shall be registered upon the books of the RAILROAD COMPANY as hereinbefore provided, as the absolute owner of such bond for the purpose of receiving payment of, or on account of, the principal and interest of such bond, and for all other purposes, and may deem and treat the person in whose name any coupon bond shall be so registered as the absolute owner thereof for the purpose of receiving payment of, or on account of the principal thereof, and for all other purposes except to receive payment of interest represented by outstanding coupons ; and all such payments so made to such registered holder, for the time being, or upon his order, shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

Ownership of registered bonds.

Article Fifteenth.

LIABILITY OF STOCKHOLDERS, OFFICERS AND DIRECTORS.

No recourse under any obligation, covenant or agreement of this Indenture, or of any bond or coupon hereby secured, shall be had against any incorporator, stockholder, officer or director of the RAILROAD COMPANY, or of any successor corporation, either directly or through the RAILROAD COMPANY, by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any statute or otherwise ; it being expressly agreed and understood that this mortgage and the obligations hereby secured are solely corporate obligations and that no personal liability whatever shall attach to, or be incurred by the incorporators, stockholders, officers or directors of the RAILROAD COMPANY, or of any successor corporation, or any of them, under or by reason of any of the obligations, covenants or agreements contained in this Indenture, or in any of the bonds or coupons hereby secured, or implied therefrom, and that any and all personal liability, either at common law or in equity, or by statute, of every such incorporator, stock-

Bondholders have no recourse against Stockholders, Officers or Directors.

holder, officer or director, is hereby expressly waived as a condition of, and consideration for, the execution and issue of this mortgage and such bonds and coupons.

Article Sixteenth.

TRUSTEE'S ACCEPTANCE OF TRUSTS.

Acceptance.

The party hereto of the second part, hereby accepts the trusts in this Indenture declared and provided, and agrees to perform the same upon the terms and conditions hereinbefore set forth. Except when otherwise indicated, the words " the Trustee," or " said Trustee," or any other equivalent term, as used in this Indenture, shall be held and construed to mean the Trustee for the time being, and the words " bond," " bondholder," and " holder " shall include the plural as well as the singular number.

Definition of terms.

Successors and Assigns of the Railroad Co. bound.

All the covenants, agreements, stipulations and provisions in this Indenture contained, by or relating to the RAILROAD COMPANY, shall bind and relate to its successors and assigns, whether so expressed or not ; and every successor corporation which shall be lawfully vested with the ownership of the property subject to this Indenture shall possess and may exercise each and every right and power hereunder of the RAILROAD COMPANY.

Appointment of attorney by the Railroad Co.

The RAILROAD COMPANY doth by these presents constitute and appoint Fairfax S. Landstreet its true and lawful attorney in fact in its name and on its behalf to appear before any officer of the State of Maryland competent to take the acknowledgment of deeds and acknowledge these presents as the act and deed of the said RAILROAD COMPANY, to the end that the same may be duly recorded.

Appointment of attorney by the Trustee.

And the TRUSTEE doth in like manner constitute and appoint Guy Richards its true and lawful attorney in fact in its name and behalf to appear before any officer of the State of Maryland competent to take acknowledgment of deeds and acknowledge these presents as the act and deed of the said TRUSTEE to the end that the same may be duly recorded.

In order to facilitate the recording of this Indenture, the same may be simultaneously executed in six counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument. Execution in counterpart.

In witness whereof, the parties hereto have duly caused these presents to be signed by their respective Presidents or Vice-Presidents and their respective corporate seals to be hereto affixed, attested by their respective Secretaries or Assistant Secretaries, as of the day and year first above written.

WESTERN MARYLAND RAIL ROAD COMPANY,
By
WINSLOW S. PIERCE,
President.

Attest:
[SEAL.] J. T. M. BARNES,
Secretary.

THE MERCANTILE TRUST COMPANY,
By
H. C. DEMING,
Vice-President.

Attest:
[SEAL.] J. D. OSTRANDER,
Assistant Secretary.

Signed, sealed and delivered on behalf of the Western Maryland Rail Road Company in the presence of
LAWRENCE GREER,
CHAS. EDGAR MILLS.

Signed, sealed and delivered on behalf of the Mercantile Trust Company in the presence of
CHARLES EDGAR MILLS,
B. W. JONES.

STATE OF NEW YORK,
City and County of New York, } ss.

I hereby certify that on this 17th day of October, Nineteen hundred and two, there personally appeared before me, Chas. Edgar Mills, a Notary Public in and for the County and State of New York, and a Commissioner of Deeds for the State of Maryland, in New York, duly appointed, commissioned and qualified, and residing in the City of New York aforesaid Fairfax S. Landstreet, Attorney of the Western Maryland Rail Road Company, named in the foregoing Instrument, and by virtue of and in pursuance of the power and authority conferred upon him, he did on behalf of said Western Maryland Rail Road Company, acknowledge the foregoing Instrument to be the free act and deed of said Western Maryland Rail Road Company, as therein set forth, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 17th day of October, Nineteen hundred and two.

[SEAL.] CHAS. EDGAR MILLS,
Commissioner for the State of Maryland, and Notary Public in and for the County and State of New York, in N. Y. City.

My commission as Notary Public expires March 30, 1903.

STATE OF NEW YORK, }
County of the York, } ss.

Be it remembered that on this 17th day of October, A. D. 1902, before me, Charles Edgar Mills, a Commissioner of Deeds for the State of Pennsylvania, in New York, personally came J. T. M. BARNES, who, being duly sworn according to law, doth depose and say, that he was personally present and did see the common or corporate seal of the above named Western Maryland Rail Road Company affixed to the foregoing Indenture; that the seal so affixed is the common or corporate seal of the said Western Maryland Rail Road Company and was so affixed by the authority of the said corporation, as the free act and deed thereof; that the above named Winslow S. Pierce is the President of the said corporation, and did sign the said Indenture as such, in the presence of this deponent; that this deponent is the Secretary of the said corporation, and that the name of this deponent above signed in attestation of the due execution of the said Indenture, is of this deponent's own proper handwriting.

J. T. M. BARNES.

Sworn to and subscribed before me this 17th day of October, 1902, as witness my hand and official seal.

[SEAL.] CHAS. EDGAR MILLS,
Commissioner for the State of Pennsylvania,
in New York.

STATE OF NEW YORK, }
County of New York. } ss.

Be it remembered that on this 17th day of October, A. D. 1902, before me, Charles Edgar Mills, a Commissioner of Deeds for the State of Pennsylvania, in New York, personally came J. D. OSTRANDER, who being duly sworn according to law, doth depose and say, that he was personally present and did see the common or corporate seal of the above named The Mercantile Trust Company, affixed to the foregoing Indenture; that the seal so affixed is the common or corporate seal of the said The Mercantile Trust Company, and was so affixed by the authority of the said corporation, as the free act and deed thereof; that the above named H. C. Deming is the Vice-President of the said corporation, and did sign the said Indenture as such, in the presence of this deponent; that this deponent is the Assistant Secretary of the said corporation, and that the name of this deponent above signed in attestation of the due execution of the said Indenture, is of this deponent's own proper handwriting.

J. D. OSTRANDER.

Sworn to and subscribed before me this 17th day of October, 1902, as witness my hand and official seal.

[SEAL.] CHAS. EDGAR MILLS,
Commissioner for the State of Pennsylvania,
in New York.

STATE OF NEW YORK,
City and County of New York, } ss. :

I hereby certify that on this 17th day of October, Nineteen hundred and two, there personally appeared before me Chas. Edgar Mills, a Notary Public in and for the County and State of New York, and a Commissioner of Deeds for the State of Maryland, in New York, duly appointed, commissioned and qualified, and residing in the City of New York aforesaid, Guy Richards, Attorney of The Mercantile Trust Company named in the foregoing Instrument, and by virtue of and in pursuance of the power and authority conferred upon him, he did on behalf of said The Mercantile Trust Company, acknowledge the foregoing Instrument to be the free act and deed of said The Mercantile Trust Company, as therein set forth, for the uses and purposes therein mentioned, as such TRUSTEE.

And also at the same time appeared the said Guy Richards, of said The Mercantile Trust Company, Trustee, who did for and on behalf of said Trust Company make oath in due form of law that the consideration stated in said Instrument is true and bona fide, as therein set forth, and that he is the Attorney in fact, and Agent of said The Mercantile Trust Company, to make this affidavit. And also he, the said Guy Richards, made oath on the Holy Evangely of Almighty God, that he has not required and that the said TRUSTEE has not required the mortgagor, its Agent or Attorney, or any person for the said mortgagor, to pay the tax levied upon the interest, covenanted to be paid in advance (except to the extent and in the manner in the said foregoing Instrument expressly provided), nor will he or the said Company, the said TRUSTEE, require the same to be paid (except as aforesaid), by the mortgagor, or any person for the mortgagor during the existence of this mortgage.

GUY RICHARDS.

In witness whereof, I have hereunto set my hand and affixed my official seal, this 17th day of October, Nineteen hundred and two.

[Seal.] Charles Edgar Mills,
Commissioner for the State of Maryland, and
Notary Public in and for the County and
State of New York in N. Y. City.

My commission as Notary Public will expire March 30th, 1903.

INDEX.

PAGE

RECITALS :

Lines owned by the Railroad Co. 1
Lines leased and operated by the Railroad Co. 2, 3
Securities owned by the Railroad Co. 3, 4
Provision for retirement of bonds and indebtedness 4
Purposes of the Railroad Co. 4, 5
Acquisitions of additional securities 5
Securities to be pledged 5
Resolution authorizing mortgage and issue of bonds 6, 7
Denomination of bonds 7
Form of coupon bond 8, 9, 10
Form of registered bond 10, 11, 12
Form of interest coupons 13
Form of Treasurer's signature 13
Bonds to be indorsed by Trustee's certificate 13
Form of Trustee's certificate 14
Action of Stockholders and Directors 14
Granting clause 14
Description of properties mortgaged and pledged 15, 19
Habendum 19
Grant in trust 19, 20

ARTICLE FIRST.

GENERAL PREREQUISITES TO ISSUE 20, 21

ARTICLE SECOND.

PURPOSES AND CONDITIONS OF ISSUE :

§ 1. $9,500,000 upon transfer to Railroad Co., properties formerly owned by Mayor and City Council of Baltimore 21

PAGE

§ 2. $11,000,000 upon delivery to Trustee of stock of W. V., C. & P. Ry. Co. 22
§ 3. $4,500,000 upon deposit with the Trustee of a like amount in cash 22
Conditions governing payment 23, 24
§ 4. $3,000,000 to be deposited with the Continental Trust Co. of Baltimore for terminal purposes. 26
§ 5. $4,900,000 reserved for acquisition of bonds of the W. V., C. & P. Ry. Co., the P. & C. Ry. Co. and the C. & I. Ry. Co. 27
Conditions governing issue 27, 28
§ 6. 2,581,300 reserved for the acquisition of the bonds of the companies leased, operated or controlled by the Railroad Co. 28
Conditions governing issue 28
§ 7. 14,518,700 reserved for certain purposes and subject to certain restrictions 29
Condition governing issue 31–34
Certain acquisitions to be free from the lien of this Indenture 34
§ 8. Coupon bonds exchangeable for registered bonds 34
Transfer of registered bonds 35
Lost, mutilated or destroyed bonds 35
§ 9. Provisions to be for sole benefit of bondholders. 35, 36

ARTICLE THIRD.

Covenants of the Railroad Company :

§ 1. To pay principal and interest 36
To keep an office where bonds and coupons may be presented for payment 36, 37
§ 2. To keep the property covered by this Indenture free from any lien for taxes 37

PAGE

§ 3. Not to extend the time for payment of any coupon or claim for interest 38
§ 4. For connection between the Railroad Co. and The W. V., C. & P. Ry. Co. 38
§ 5. To keep property in good repair and insured ... 39
To keep all after-acquired equipment which may become subject to the lien of this Indenture marked 39
To render to Trustee annual account of equipment and its condition 40
§ 6. Not to suffer creation of prior liens 40, 41
§ 7. To provide for registration of bonds 41, 42
Regulations of registration and transfer 42
§ 8. Further assurance 43
§ 9. Against increase of stock or bonds 43, 44
§ 10. To assign to Trustee certain claims 44
§ 11. To use the bonds secured hereby for the purposes herein prescribed 44, 45
§ 12. To preserve unimpaired its leasehold interests. 45
§ 13. To preserve unencumbered any share of stock hereby pledged 45

ARTICLE FOURTH.

Provisions Relating to Pledged Securities:

§ 1. Bonds may be stamped 45, 46
§ 2. Stocks to be transferred to Trustee 46
§ 3. Railroad Co. entitled to interest and dividends on securities pledged 46
Entitled to proxies, containing special limitation 46, 47
§ 4. Principal of bonds collected to pass to Development and Equipment Fund 48

PAGE

§ 5. Trustee to deliver for cancellation the obligations of any Company the title to all of whose property has been acquired by the Railroad Co. ---- 48

§ 6. Power of Trustee to preserve corporate existence of Companies ---- 48, 49

§ 7. Power to join in reorganization ---- 49

§ 8. Power to foreclose mortgages securing pledged bond ---- 49

Property may be purchased by the use of pledged securities ---- 49, 50

§ 9. Consolidation of Companies whose stocks are pledged ---- 51

Conditions of merger and consolidation ---- 51, 52

ARTICLE FIFTH.

Development and Equipment Fund:

§ 1. Sources from which the Fund is to be derived ---- 52

Purposes for which moneys may be used ---- 52

Conditions governing disbursements by Trustee ---- 53

Title to property so acquired to be satisfactorily vested in Trustee ---- 53, 54

ARTICLE SIXTH.

Remedies in Case of Default:

§ 1. Power of entry after default ---- 54, 55

Application of income by Trustee in possession ---- 55, 56

Proxy to be revoked upon any default ---- 56

Rights and remedies of Trustee not affected by entry ---- 57

§ 2. Anticipation of maturity of principal of bonds ---- 57, 58

§ 3. Power of sale ---- 58, 59

§ 4. Power to foreclose ---- 59, 60

PAGE

§ 5. Entitled to appointment of a receiver 60
Remedies cumulative 60
§ 6. Property to be sold as an entirety unless otherwise directed or necessary 61
Notice of sale 62
§ 7. Principal of bonds to become due upon sale 62
§ 8. Stay, appraisement or extension laws waived ..62, 63
§ 9. Conveyance to purchaser of mortgaged premises. 63
Receipt of Trustee to discharge purchasers 64
§ 10. Application of the purchase and other money .. 64
Payment of costs, expenses, compensation of Trustee, etc. 64
Payment of amount due on bonds, with interest, etc. 64, 65
Surplus to the Railroad Co. or others entitled thereto 65
§ 11. Right of purchaser to use bonds in payment ... 65
§ 12. Respective rights of 25% and 75% of the bondholders in case of default 65, 66
§ 13. Trustee may recover judgment for benefit of bondholders 66, 67
§ 14. The Railroad may voluntarily surrender to the Trustee the mortgaged property 68

ARTICLE SEVENTH.

POWER TO RELEASE:

Trustee may, upon request of the Railroad Co., release any real or other property subject to this Indenture, except bonds, or other obligations, or shares of stock 68, 69
Proceeds of such sale to pass to Development and Equipment Fund 69
Changes in leases and trackage rights 69, 70

PAGE

Railroad company may remove old, and substitute new equipment 70

ARTICLE EIGHTH.

PROTECTION OF TRUSTEE:

Not required to act unless indemnified against expense 71
May require additional evidence 71, 72
Compensation 72
Trustee not liable for faults of agents 72
Covenant by railroad company to record this indenture 72
Trustee not personally liable for debts, damages, etc. 73

ARTICLE NINTH.

RIGHT OF ACTION BY BONDHOLDERS 73

ARTICLE TENTH.

RESIGNATION OR REMOVAL OF TRUSTEE:

Must publish written notice of resignation 74
Provisions for removal of Trustee 74
Appointment of new Trustee 74, 75
Qualification of Trustee 75
Instruments to be executed by entering and retiring Trustees 75

ARTICLE ELEVENTH.

RIGHT OF RAILROAD COMPANY TO POSSESSION:

Right of possession until default 76
Covenant to pay interest and principal of bonds from income 76

ARTICLE TWELFTH.

PAGE

DISCHARGE OF MORTGAGE:

Payment of principal and interest of bonds to discharge this Indenture 77

ARTICLE THIRTEENTH.

Authentication of Instruments Executed by Bondholders. 77

ARTICLE FOURTEENTH.

STATUS OF BONDHOLDERS:

Ownership of coupon bonds and coupons 78

Ownership of registered bonds 79

ARTICLE FIFTEENTH.

LIABILITY OF STOCKHOLDERS, OFFICERS AND DIRECTORS:

Bondholders have no recourse against Stockholders, Officers or Directors 79

ARTICLE SIXTEENTH.

TRUSTEE'S ACCEPTANCE OF TRUSTS:

Acceptance 80

Definition of terms 80

Successors and assigns of the Railroad Co. bound ... 80

Appointment of attorney by the Railroad Co. 80

Appointment of attorney by the Trustee 80

Execution in counterpart 81

Certificates, etc. 81–86

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